

MAY 29 1922

THE

NATION'S BUSINESS

June



University of Michigan,
General Library,
Ann Arbor, Mich.

2

What We Learned About Marketing

By CONGRESSMAN SYDNEY ANDERSON

Wanted: More Coal and Fewer Mines

By GEORGE OTIS SMITH

The Great Mistake Ingersoll Made

By SILAS BENT

How the Banker Sizes Up the Borrower

By ALBERT N. HOGG

Ships Can Be Run without Subsidies

By ROBERT DOLLAR

Longer Credits, the Farmer's Need

By EUGENE MEYER, JR.

And Bankers Are Easy Victims, Too!

By SAMUEL HOPKINS ADAMS

Tariff Bargaining, Senate Style

A Business Man Ambassador

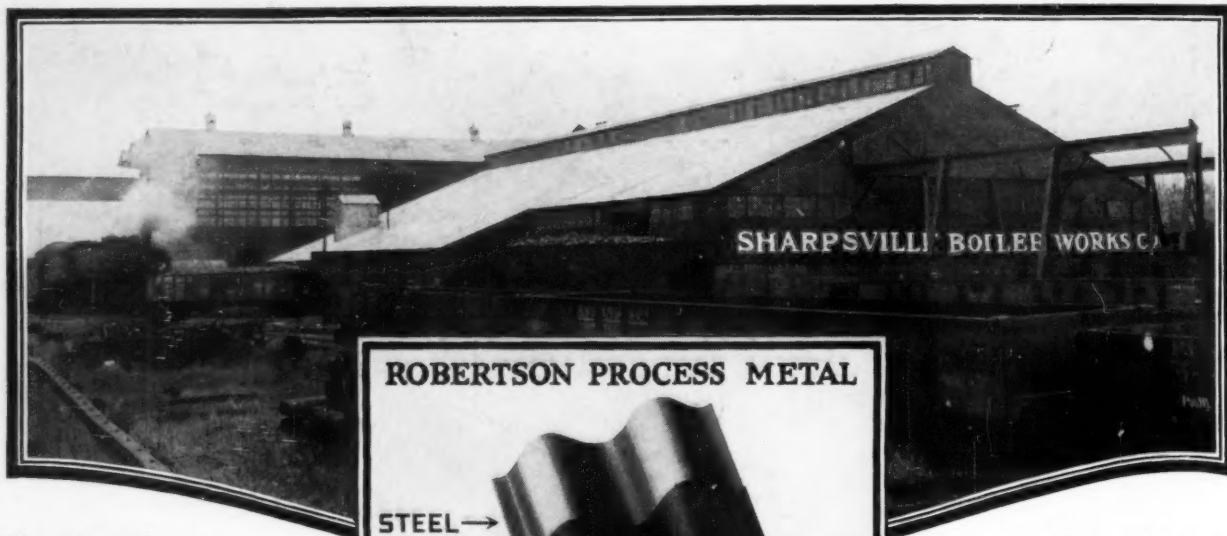
What about this Radio Industry?

A special number of The Nation's Business devoted to the Annual Convention of the Chamber of Commerce of the United States will be issued early in June

25 Cents



Saves Its Cost in Paint and Repairs

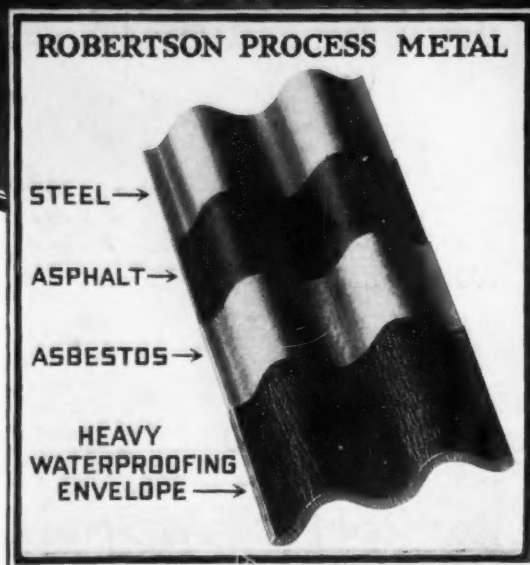


The Product

Following is a brief description of the Robertson Process of metal protection:

The steel core is cleansed and then immersed in a special refined asphalt compound. It is hermetically sealed against all destructive elements. The asphalt coating is then protected by an insulating cover of asbestos felt previously saturated with asphalt. Because of its fibrous-rock character asbestos is indestructible.

By powerful machinery these two protective coatings are thoroughly bonded to the metal and to each other. The third protective coat of waterproofing is then applied.



The Evidence

This partial list of users is significant because of the prominence of the various corporations and because *all of them have used R. P. M. repeatedly*.

	First order	
American Locomotive Co.	1913	13 orders
Bethlehem Steel Co.	1910	24 orders
Davison Chemical Co.	1908	70 orders
E. I. DuPont de Nemours & Co.	1909	29 orders
General Chemical Co.	1909	111 orders
Hudson Coal Co.	1919	31 orders
Jones & Laughlin Steel Co.	1913	22 orders
Lehigh Coal & Navigation Co.	1914	54 orders
Packard Motor Co.	1915	27 orders
Pennsylvania Lines	1909	94 orders
Standard Oil Co. and Subsidiaries	1912	100 orders
United States Steel Corporation	1908	272 orders

Robertson Process Metal (R. P. M.) used for roofs and siding on industrial buildings pays for itself out of the savings it makes in maintenance expense. Its first cost is its only cost.

The steel sheet base of R. P. M.—completely encased in a triple-protective coating of (1) Asphalt, (2) Asbestos felt and (3) Waterproofing—is rendered absolutely rust-proof. It is permanently shielded against the metal-destroying action of smoke, steam, fumes, gases, moisture—all the severe corrosive conditions to which industrial buildings are constantly exposed.

R. P. M. on the roofs and siding of the plant buildings of the Sharpsville Boiler Works Co., Sharpsville, Pa., (illustrated above) is saving its

cost in paint and repairs. It is providing a permanent building covering at low cost.

Because it combines the strength, lightness and adaptability of unprotected metal with immunity to rust and corrosion, R. P. M. is widely used as a roofing and siding material in almost every industry. And right now its exceptional durability and its ability to eliminate upkeep expense are more attractive than ever to executives who are making every possible effort to reduce operating expense.

The present moderate prices of R. P. M. make it easily available to buyers who are following the most rigid programs of economy. Price, descriptive literature and a sample of the material gladly sent on request.

H. H. ROBERTSON COMPANY, Pittsburgh, Pa.

Factories: Ambridge, Pa., Waltham, Mass., Sarnia, Ont.

Branch Offices: In all principal cities in the United States. Also London, E. C., England, Edward LeBas & Co., Dock House, Billiter St.

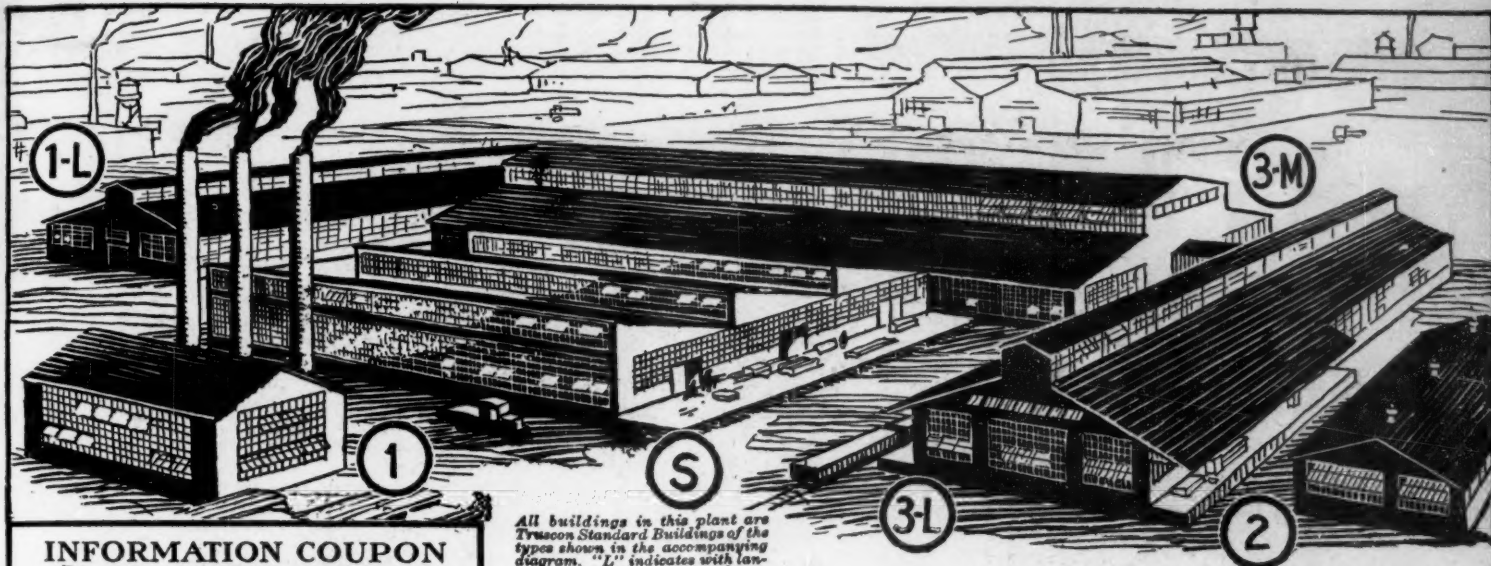
For Canada: H. H. Robertson Co., Limited, Sarnia. General Sales Agents for Canada: B. & S. H. Thompson & Co., Limited, Montreal, Toronto, Winnipeg, New Glasgow, N. S., and Vancouver, B. C.

ROBERTSON

PROCESS METAL

FOR PERMANENT ROOFS. SIDING AND TRIM

TRADE MARK REG. U.S. PAT. OFF.



INFORMATION COUPON

Diagrams show Types and sizes of
TRUSCON STANDARD BUILDINGS
HEIGHTS—Curb to Eave 8'-0" to 21'-4"

LENGTHS—Types 1, 2, 3 & 4 any Multiple of 20'
LANTERN—12'-0" wide provided at Ridge of
any Building 40'-0" or more in width



TYPE 1

Widths—8'-12'-16'-20'-24'-28'-32'-40'-48'-50'-60'



TYPE 2

Widths—40'-48'-50'-56'-60'



TYPE 3

Widths—56'-60'-64'-68'-72'-76'-80'-84'-88'-96'-98'-106'-108'-116'



TYPE 4

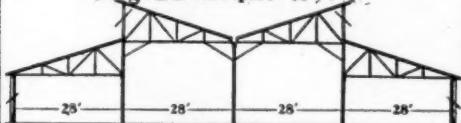
Widths—80'-100'-112' (4 Bays @ 20'-25' or 28')



TYPE 3M

Widths—60'-64'-68'-72'-76'-80'-84'-88'-90'-96'-98'-100'-106'-108'-116'

Lengths—Multiples of 4'-0"



TYPE 4V

Width—112' Lengths—Multiples of 20'



SAWTOOTH

Widths—Any Multiple of 28'-0"

Lengths—Multiples of 20'

Truscon Steel Company,
Youngstown, Ohio

Send information on building type _____

width _____, length _____, height _____

Name _____

Street _____

City _____ State _____

NB6

All buildings in this plant are
Truscon Standard Buildings of the
types shown in the accompanying
diagram. "L" indicates with lan-
tern—"S" indicates sawtooth.

Exceptionally Low Cost by Building Now

Today, when all building costs are low, greater savings are effected in Truscon Standard Buildings than in other constructions. In fact these all-steel buildings are at exceptionally low prices, due to the recent rock-bottom cost of steel.


1. Lower first cost is only one of the definite savings effected by Truscon Standard Buildings.
2. Their quick erection with minimum labor starts your building earnings promptly.
3. Their low cost reduces interest charges and taxes; their permanence saves on insurance and upkeep.
4. Easily dismantled, they are re-erected in new locations without loss.

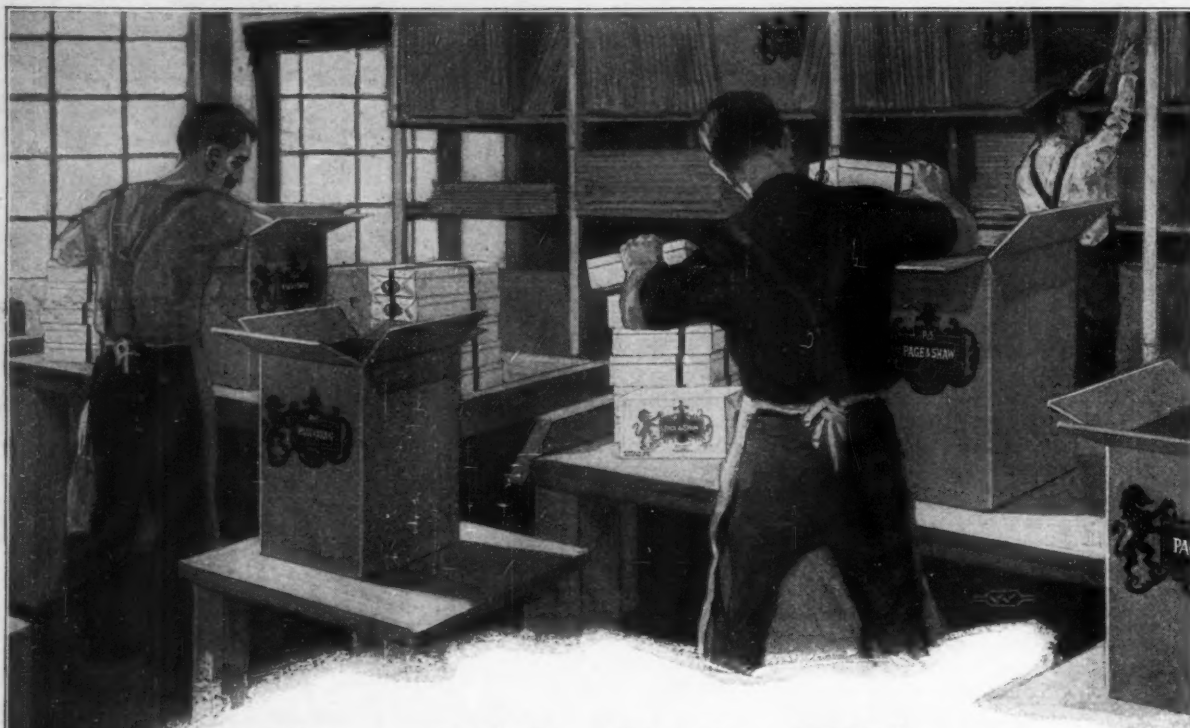
Fireproof, daylighted, well ventilated, Truscon Standard Buildings make ideal factories, warehouses, foundries, service garages, filling stations, shops, etc. They are furnished in all sizes, with pitched, monitor or sawtooth roof.

Buy Them Now at Rock-bottom Prices. Write
or Wire for Information, Catalog, Etc.

TRUSCON STEEL COMPANY
Youngstown, Ohio

Warehouses & Sales Offices in Principal Cities

TRUSCON
STANDARD  **BUILDINGS**



They Ship It in Fibre!

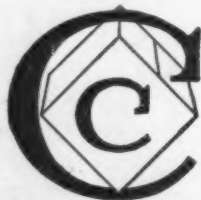
CANDY is an item which more and more the big manufacturers are shipping in fibre. Over 1000 different commodities are now being shipped in Container Club Fibre! Total fibre sales reached \$70,000,000 last year! The use of fibre for shipping is *growing* because it is performing a *big function* and is *saving users big money*.

Container Club Members, alone of fibre manufacturers, are affiliated with the Mellon Institute of Pittsburgh. Hence our Members are able to supply you, without cost, with the scientific Mellon test of your present containers as against what they devise. From the test you will *know in advance*, and not have to guess, what a change to fibre will do for your business. By the use of

Container Club Fibre

you will save money over wood in first cost; save nine-tenths of your packing room space; save contents from damage, due to scientific construction; save freight for your customer (fibre weighs less); save your customers FOR YOU because of THEIR savings.

Any Container Club Member will design, free of cost, a box scientifically constructed and tested, which will meet your every requirement. The Container Club offers a *wonderful service* and products of *superior quality*. Why not ask us about it?



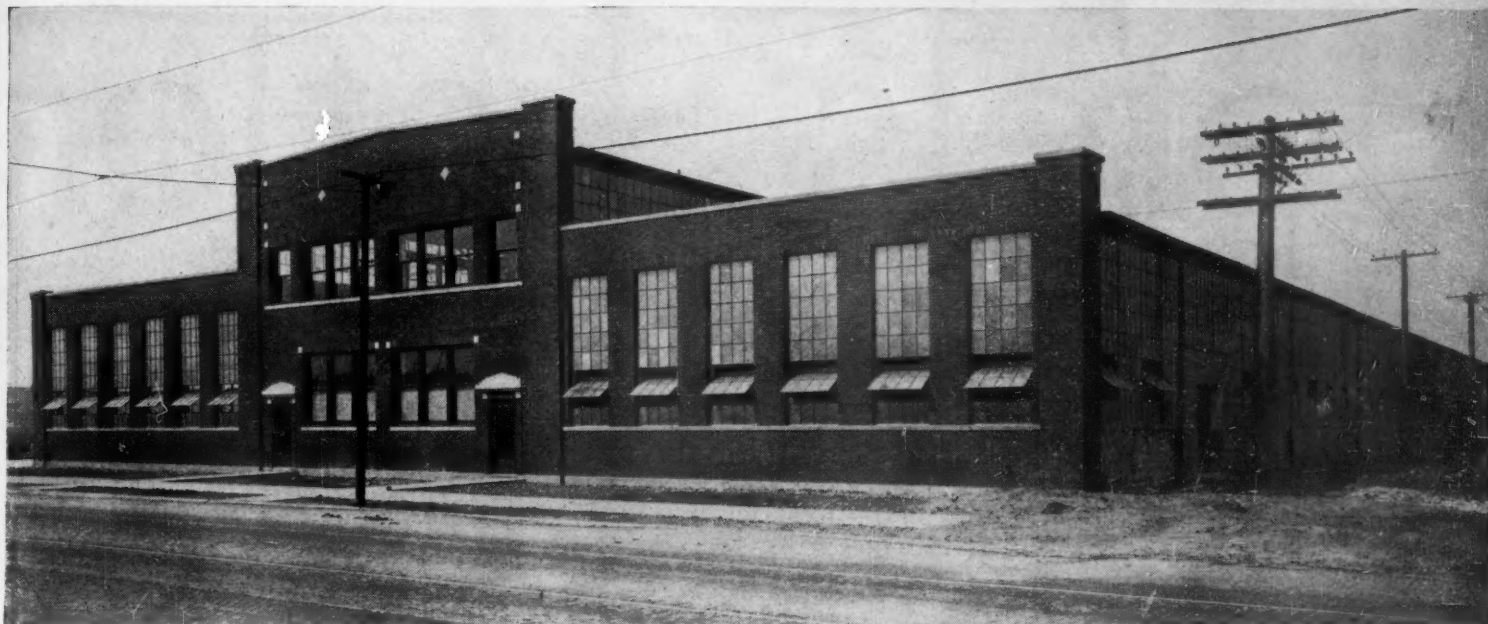
Quality Mark

Address:

The Container Club

Dept. A3, 608 S. Dearborn St., Chicago

[Note: The Container Club is an Association of manufacturers—builders of COR-RUGATED and SOLID fibre containers of very superior quality. Their individual plants—some forty in number—are located from Massachusetts to California]



80,000 Sq. Ft. for \$100,000

Built in 60 Working Days



Interior of McDonald Machine Company's plant building, Chicago, Ill., built by The Austin Co. Same type of building as shown in large illustration above.



Plant of the International Motor Co., Allentown, Pa., built by The Austin Co.



Plant of the National Candy Co., Mt. Clemens, Mich., designed, built and equipped by The Austin Company.

On May 5th, the final closing date for the advertising forms of NATION'S BUSINESS, The Austin Company was prepared to deliver 80,000 Square Feet of building like that shown above for \$100,000. And this pre-war price still prevails, provided that steel, brick and cement have not advanced further by June 1st.

In any event this substantial structure will be the most economical type you can buy *and you can have it ready for useful occupancy in 60 working days from date of order.*

This is the permanent kind of building you will have:

Excavation and Grading for standard foundations and floors. Based on normal site and conditions.

Concrete Foundations—Depth 4 feet below floors. Concrete floors 5 inches thick.

Brick Side Walls.

Rolled Steel Side Wall Sash, Truscon, Fenestra, Lupton or equal.

Mechanical Sash Operators.

Concrete Window Sills.

Structural Steel Frame, center aisle columns punched for crane columns and girders.

Roof Structure, structural steel trusses, yellow pine purlins and roof sheathing. Note—Trusses designed to carry 4,000 lbs. at any panel point.

Roof Waterproofing, 10-year guaranteed tar and gravel roofing or equal.

The Austin type is well lighted, roomy and thoroughly ventilated. Every square foot of space is usable. It lends itself to the greatest variety of uses of any type of building you can buy.

It is, however, but one type of the buildings which Austin can deliver at equally favorable costs. Austin engineers can give you the types of buildings that best meet the needs of your business—and *fully safeguard your investment.*

Consultation involves no obligation. Phone, wire or use the coupon.

THE AUSTIN COMPANY

Engineers and Builders

Cleveland

CHICAGO PHILADELPHIA
DETROIT NEW YORK
PITTSBURGH DALLAS
ST. LOUIS

THE AUSTIN COMPANY OF
CALIFORNIA, LOS ANGELES



THE
AUSTIN METHOD

AUSTIN

Engineering Building Equipment

N.B. 6-22
Gentlemen: We would be interested in having a copy of
"The Austin Book of Buildings." It is understood that
this request places us under no obligation. We contain-
plate the construction of a building stories high
..... long
Firm
Individual
Address

Hotels Statler

Buffalo - Cleveland - Detroit - St. Louis

A new Hotel Statler (1100 rooms, 1100 baths) is now building at Buffalo—to open in the spring of 1923; 500 more rooms will be added later.

Keeping You Happy at Meal-Time

By E. M. STATLER—being one of a series of ads embodying instructions to Statler employees.

THE way you're served by your waiter and his helper (called a "bus boy") can make or mar your meal. The best of food, perfectly prepared, actually tastes better if it is properly served, by someone interested in the service, than it otherwise can.

That's why we are always emphasizing to our waiters that *our reputation is in their hands*. A waiter who is careless or forgetful or negligent or slovenly can take

all the good taste out of the food he serves you, and most of the pleasure out of your meal. We won't have that kind of waiters.

In a first-class hotel you pay for first-class service, as well as for first-class food. You're entitled to it, and your waiter knows it. It is with those facts in mind that we issue to the waiters and bus boys in our hotels instructions like those you see in the columns below:

Instructions to Waiters and Bus Boys in the Statler-Operated Hotels

THE waiter who has ability to please people has something that is valuable to us and to him.

"If you haven't that ability, or if you don't habitually make the most of it, you are not only earning less than a good waiter should, but you are, at the same time, hurting our reputation.

"When we say that our guests must be satisfied with the treatment they get in our dining rooms, as well as with the food they get, we mean that they must be pleased. If you can't please the person you are serving, get your captain on the job.

"We don't want anybody to leave one of our restaurants feeling that minor annoyances marred his meal; and that's the way you ought to feel. We want him to feel that he will be glad to come back to us—

and you ought to want him to be glad to come back to you. See that he does.

"Remember that good service is never fussy, but is always interested and watchful and careful.

"Take care of the diner and the tip will take care of itself. You can't keep most people from tipping when they have had good and intelligent service; but people are learning to proportion their tips to the quality of service they get.

"No waiter can stay with us who does not thank our guests for whatever tips they give him. The best waiters say as cordial a thank-you for a small tip as for a large one—and they find it a good thing to keep on doing.

"You must follow the instructions in The Statler Service Codes to the letter.

A business stands or falls by what its policies are, and how they are carried out; the Codes explain our policies fully.

"Courtesy to all guests, under all circumstances, is an obligation of yours and of everybody's who works in these hotels—and so is courtesy to your fellow-employees.

"Whatever has been your practice, in other places where you have worked, we have our own way of doing things and our own way of serving people. It will pay you to do things our way instead of some other way. Your detailed instructions about how to serve a meal, how to wait on a party, and so on, will give you many hints; study them."

E. M. Statler



Hotel
Pennsylvania

Opp. Pennsylvania Terminal, New York. *The Largest Hotel in the World*

Through the Editor's Spectacles

JOHN BURNAM, an occasional contributor to this magazine, writes to tell us that Representative Sydney Anderson's enlarged view of farm problems does credit to his mental heft. "Clemenceau," Mr. Burnam writes, "was a red-hot revolutionist in his turbulent young manhood, but subsequently settled down into one of the best and most conservative bargainers at Versailles"; and he adds:

There is a French saying: "To be a revolutionist at twenty shows that a man has a heart; but to be one at forty shows that he lacks a brain." As a matter of fact, to be a revolutionist at twenty is the mental attribute of a spirit full of energy, and of generous impulses. The energy and the generosity are likely in youth to be directed toward impractical purposes. But anyone who reads "Tired Radicals" will understand how years sober and steady the judgment.

We have long maintained that most agitation is based on an insufficiency of fact. The truth, the whole truth and nothing but the truth is incompatible with the revolutionary state of mind.

OUR article, "Give Management a Chance," by Howard Elliott, was reprinted in the *Literary Digest*, where it caught the eye of W. Hill of St. Paul, Minn. In discussing it Mr. Hill says that the railroads are indulging in extravagances, one of which is paying wages higher than those of other industries.

There are too many "supervisors" and "assistants to the assistant" in the present organization of the roads, according to Mr. Hill, and he would like to have Mr. Elliott or someone else explain why it was possible in 1913 "to run the railroads with a moderate number of officials and why in abnormal times such a very considerable number of new officials are needed." He hints that roads loaded up their personnel to discredit government ownership and are now suffering as the result. The carriers are now hampered, according to Mr. Hill, by "unbusiness-like union rules" and by the small lines which act "in a good many cases like parasites." He continues:

Both may be overcome by arbitration. Either the unions must modify their contracts voluntarily or railroads must declare for the open shop. The evil of the small lines is well recognized by the I. C. C., which has wisely ordered that they be consumed. By shrewd management small lines may derive a lot of advantages for which a big system has to pay dearly. They may use and misuse expensive equipment and, even if it is discovered, pay less for its use than the cost of maintenance. . . .

The question of freight rates has not been touched in the foregoing, but let us fall in with the chorus: Freight rates must be reduced, and they can be reduced along with the ever-rising amount of operating expenses. Mr. Elliott reminds us that the railroads are common carriers of people and property but not of all of our economic troubles. It is a sad fact that at the present they are surely the common cause of a lot of our economic troubles and a sore disappointment for both the shareholder and the public.

I fully agree with Mr. Elliott's last remark, our railroad system is surely wonderful, but why grant it a ten-year holiday? Why not get down to real work and improve it so it may be consolidated with another war-cripple,

25 Cents a Copy

\$3.00 a Year

In this Number

	Page
It's Distribution That Costs! By SYDNEY ANDERSON	9
Distribution Charts, Prepared by the Joint Commission of Agricultural Inquiry	11
Wanted: More Coal, Fewer Mines By GEORGE OTIS SMITH	12
Business at the Council Table	14
Sizing Up the Borrower By ALBERT N. HOGG	16
What Happened to Ingersoll By SILAS BENT	17
A Business Man Ambassador By JAMES B. MORROW	18
Longer Credits for the Farmer By EUGENE MEYER, JR.	20
Some Supreme Court Rulings	21
Buncoing the Banker By SAMUEL HOPKINS ADAMS	22
Tariff Bargaining, Senate Style By CHAUNCEY DEPEW SNOW	25
Business and Human Beings By FRED C. KELLY	27
Boll Weevils and Cook Stoves By ARCHER WALL DOUGLAS	28
Things Seen, No. 2 By ROBERT DOLLAR	30
Editorials	32
Congress in Its Lighter Moods	34
This Radio Business! By WARREN BISHOP	36
Business Conditions, with Map By ARCHER WALL DOUGLAS	40
Nation's Business Observatory	43
Log of Organized Business	53

Vol. 10

THE NATION'S BUSINESS

No. 6

Published Monthly by the Chamber of Commerce of the United States, Washington, D. C.

MERLE THORPE, Editor and Publisher

F. S. TISDALE, Managing Editor

J. B. WYCKOFF, Asst. Business Manager

Associate Editors

WARREN BISHOP

BEN H. LAMBE

JOYCE O'HARA

VICTOR WHITLOCK, Director of Advertising

GENERAL OFFICES: MILLS BUILDING, WASHINGTON, D. C.

Eastern Office, New York

Western Office, Chicago

Central Office, Cleveland

Woolworth Bldg.

Otis Bldg.

Cleveland Discount Bldg.

GEORGE K. MYERS

FRANK M. CROMMELIN

CLYDE A. STEVENS

As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber. But in all other respects, the Chamber is not responsible for the contents of the article or for the opinion to which expression is given.

our Shipping Board, and instead of reaching any corner of the United States reach any trading center in the world?

MR. GEORGE J. ZEHRUNG, Director of the Motion Picture Bureau of the International Committee of the Y. M. C. A., writes to compliment us on "The Devious Path of the Pickle" which appeared in the April, 1922, number. Mr. Zehrung thinks that the lesson of the pickle should be put into the movies. This is something entirely new in the dramatic line. May we expect in the future to see carrots and cucumbers competing with Douglas Fairbanks, Louise Lovely and ZaSu Pitts for the applause of the movie fans?

THERE is still a thrill about a foreign postage stamp. We gaze with more interest at a circular from Birmingham, England, than at one from Birmingham, Alabama.

Nor is it always a circular we find. Comes a letter written by a man who watched the Cannes conference through the spectacles of

a shrewd business man. He's a firm friend of Lloyd George, but he writes:

I am an old friend of the French people and do all I can to promote a good understanding, and I do not blame the French too much for the acute distrust with which they regard Lloyd George.

Our Premier is the supreme opportunist of all time, and his frequent changes of policy to meet the needs of the moment convey to the logical French mind a conviction that he is without principle.

On the other hand, the French are refusing to face their economic facts, and do not enforce their existing taxation, and continue to maintain a much too large army. They are impelled to do (so) by two motives; first, they profoundly distrust Germany and think their disarmament fraudulent and that they would any day attack France again if she were isolated. If U. S. A. had joined England in a carefully guarded guarantee of France against unprovoked aggression from Germany, your country would have rendered a great service to peace; second, the French intend to make Germany pay and do not realize that they want



The Name is Fitting

THE new Royal has all the refinements that would be expected of an aristocrat of typewriters. Its title has been earned, not inherited. It is self-made. Though mute, its actions are unmistakably those of a thoroughbred. It can't help being somewhat exclusive, for masterly craftsmanship has given it true distinction.

There's a poise and dignity in the outward appearance of the new Royal that bespeak a fine character within. The cleanness and uniformity of its typing unconsciously suggest good taste, discrimination. Its marked quietness makes it a good companion for concentration. It has a respect for the feelings of others.

The Light-Running, Quiet-Running Royal combines the strength and durability of a fine machine with the responsiveness and accuracy of an instrument—the achievement that makes its name so fitting.

Our fifty-six page book, "The Evolution of the Typewriter", beautifully illustrated in color, will be mailed free on request. Address department "N".

ROYAL TYPEWRITER COMPANY, Inc.

364-366 Broadway
New York

Branches and Agencies the World Over

"Compare the Work"

ROYAL

LIGHT-RUNNING
QUIET-RUNNING

two inconsistent things—a Germany prosperous enough to pay and a Germany down and out and powerless.

Three annas (is that the plural?) was the cost of bringing us the next letter. Its writer is Meherjibhai M. Ratura, "opposite old postoffice," Ahmedabad, India. Mr. Ratura thanks us for the sample copy of *THE NATION'S BUSINESS* for which he had asked and thus explains why he cannot subscribe:

It is a most useful Journal for any business man; but as the present abnormal Exchange Rates preclude the possibility of profitable business with America, I am postponing business with America till better times for it return. You will, then, excuse kindly my inability to subscribe the Journal for the immediate present. However, let me assure you please that I treasure the sample copy as a most precious gift to me from you.

The exchange rate also disturbs Heidenreich & Co., of Kristiana, who once "bought most of our requirements in U. S. A." They voice their complaint and suggest a remedy:

But the worst of it is the German competition: On account of that rate of exchange being about 1-30 of pari, market here is flooded with all kinds of goods at impossible low prices, which prevents our buying from U. S. A. and at the same time in many instances destroying our own industrie. As the German have got to keep up—and increase—their exports—in order to pay their debts—these conditions may become still worse.

A remedy—which may be entirely impracticable as far as Norway is concerned—is that U. S. A. deposits dollars in Norwegian banks, or buying Norwegian Kroner in sufficient quantities as to bring the rate of exchange towards the normal rate, or and that American manufacturers sell in dollars at par rate of exchange, depositing the sales amounts in Kroner in Norwegian banks, where they draw about 5 per cent interest, until rate of exchange becomes about normal and at the same time get transportation costs down.

From another corner of Europe comes a request for a service. Ansorena, Duffau y Font who are "consignatorios" at Malaga in Spain have heard that Shipping Board steamers are no longer to run, and beg the managing editor "kindly to recommend us a line of steamers trading between the Mediterranean and the United States."

For which they thank us "beforehand."

O. K. DAVIS, secretary of the Foreign Trade Council, eats, sleeps and breathes export. He even propounds conundrums about export. Here's one:

"What is the relation between Eskimo pie and our shipments of pianos?"

The answer, he explains, is that the demand for chocolate-covered ice cream has stimulated the demand for cacao from Ecuador and that Ecuador is settling the bill by importing pianos from the United States.

PRODUCTION statistics are more generally available than those of consumption. This, we assume, holds good for poetry as for other fabricated products. Somewhere there lurks a man, perhaps the secretary of a poetry association, who could tell us what the mileage or yardage of poetry was for the poetical year ended October 31, 1921. But why bother with the figures? We feel certain that the per capita production of poetry in the Latin American countries is larger than between the Rio Grande and the North Pole.

Even chambers of commerce recognize the importance of the industry. There lies before us the April number of the *Journal*

Every Banker Knows—

Insurance Beats Ingenuity for protection from loss through check raising

Why bother to write checks all sorts of ingenious ways, together with trick printing and other devices which only tempt the crook to exercise his skill, when the *positive protection* against check-raising losses is **INSURANCE**?

Thousands of bankers now give such positive protection to their depositors by supplying them, without charge, with Super-Safety Insured Bank Checks.

Insurance by the Hartford Accident & Indemnity Company guards the bank and each of its depositors using these checks against loss through fraudulent or felonious alteration.

Ask your banker if he can give you this protection, or write us for the name of one nearby who can.



\$1,000.00 of check insurance against fraudulent alterations, issued without charge, covers each user against loss.

SUPER-SAFETY Insured BANK-CHECKS

Insured in the **HARTFORD** against loss through fraudulent or felonious alterations.



The Bankers Supply Company
The Largest Manufacturers of Bank Checks in the World
NEW YORK CHICAGO DENVER
ATLANTA DES MOINES SAN FRANCISCO

Half a Billion to the Good



Reach this Market through Omaha

Farmers are again able and willing to buy. Reports show that products on farms in this territory increased \$500,000,000 in value since November 1, 1921.

Omaha dominates a great, rich farming region—a territory having:

Population: 3,500,000—66.5% rural.

Bank Deposits: \$1,640 per family (av.)

Farm Value: \$24,625 per farm (av.)

(Nation's average \$12,085 per farm)

We can show you how to reach this rich territory through Omaha.

Ask for Sales Analysis No. 75

CHAMBER OF COMMERCE

Omaha

"The Nation's Fourth Railroad Center"

A REMARKABLE BOOK

is the MODERN BUSINESS CYCLOPEDIA. Contains over 15,000 definitions of accounting, banking, commercial, economic, export, financial terms, including 3,000 general and stock ticker abbreviations. Complete business education in one volume. Serves faithfully. Saves fees. You need it. Sent prepaid \$4. Money-back guarantee. Order yours NOW!

MODERN BUSINESS PUB. CO.,
Dept. N. B. 1369 Broadway, New York City.

Income Tax Matters Exclusively

JOHN E. TAYLOR

ATTORNEY AT LAW

231 Woodward Bldg., Washington, D. C.

OFFICE EXECUTIVE and CREDIT MANAGER

Solicits correspondence with Chief Executives of broad gauge concerns with view to establishing new connection. Highest references relative to character and general qualifications. At present Secretary-Treasurer machinery manufacturing corporation. Central, Western or Pacific Coast States preferred. American, age 35, married.

Box 101, The Nation's Business, Washington

Smoke Fresh Cigars

Our one profit, direct to smokers method, serves you with fresh cigars made in our own factories, in the only section of the world that can produce perfect Havana cigars, at a big saving.

All hand made shapes and sizes in Clear Havana and blended filler; priced from \$6.00 to \$18.50 per 100. Write us on your letterhead stating shape and color you like and price you pay. We will then send you some to try.

THOMPSON & COMPANY, Inc.
720 Twigg Street TAMPA, FLORIDA

of the American Chamber of Commerce of Mexico, and we read:

Prize Poems on the Volcanoes

The *Journal* offers a prize of fifty pesos for the best poem about Popocatepetl and Ixtaccihuatl. The only condition is that the two volcanoes shall be mentioned in the poem. It may be free verse or rhyme, long or short, any metre.

Apparently one need not rhyme Popocatepetl and—that other one. But Popo can be rhymed. Arthur Guiterman has a poem, not entered in the race, but published on the same page as the announcement, which rhymes it bravely:

When the mists of even settle
Over Popocatepetl
Dropping dew,
Like the condor, over yonder
Still I ponder, ever fonder,
Dear, of you!

We have no intention of venturing into the competition but after peeking into the dictionary to learn the pronunciation of that other and more fearsome name, we submit this beginning of an ode:

Pour, oh pour, the pulque bottle!
Sing, oh sing, Ixtaccihuatl!

That's as far as we have gone or shall go, but we're glad to note what one Chamber of Commerce is doing to stimulate both the production and the distribution of poetry.

JOHN A. REA, formerly president of the Board of Regents of the University of Washington, writes in regard to Col. John Ross Delafield's article on "Those Difficult War Debts" that he does not see how cancellation of the inter-allied debt "would result in a business boom," and continues:

We are not asking for payment of either interest or principal. Both are withheld and may be for a decade.

Meanwhile why don't our factories open?

Is the rate of exchange so high solely on account of these debts? No. Isn't postponement of payment practically the same as a formal cancellation? If we forgave all of our debts Europe would still be in ferment. Only a gesture.

OUR anecdote about Viscount Kato, the Japanese nobleman who observed that the trouble of the world was "too many events," prompts "A Subscriber" to write us concerning our comment that too many of us are running around in circles:

Too many have kept traveling straight down the same road followed in 1919, until, reaching the end, they fell over the precipice.

Sometimes it is safer to travel for a while in a circle than to go too far in a straight line.

THE *Congressional Record* ranks high in the list of our favorite periodical publications. We were idling through its pages yesterday when we came upon an article which seemed strangely familiar.

The farther we read the more familiar it grew. At last it dawned upon us. It was the article "War Doesn't Pay" by Pierre S. DuPont, which THE NATION'S BUSINESS printed in October, 1921, and here it was, read into the *Record* by Congressman Layton of Delaware as an address by Mr. DuPont. It may be that there are those who read the *Record* and not THE NATION'S BUSINESS. We hope not, but if there are, we welcome this wider publicity for Mr. DuPont's excellent article.

M.T.

Once in Three Years

more likely five—a peculiar turn in market conditions offers a most remarkable opportunity for profit. Such development has already begun!

Babson's REPORTS

Speculative Bulletin just off the press, gives you the plain unbiased facts on the situation and outlines the peculiar opportunity afforded by this sudden change.

REPORT ON REQUEST

Reprint from this Bulletin and Booklet "Getting the Most From Your Money" is available for distribution to interested investors, gratis. Tear out the Memo—now—and hand it to your secretary when you dictate the morning's mail.

MEMO

For Your Secretary

Write Roger W. Babson, president of Babson's Statistical Organization, Wellesley Hills, 82, Mass., as follows: Please send me reprint from Bulletin F41 and booklet, "Getting the Most from Your Money"—gratis.



Favored by Worker and Employer

Water clear, clean and cold is a tonic to the worker. It gives him a new impetus. It restores his energy. Both employees and employers favor the Jewett Water Cooler because of its many exclusive features.

The Cooler being square, the ice is dropped into it without wasteful cracking. The unbroken cake melts slowly.

The walls are insulated with pure cork 1½ inches thick. The angle flow makes it impossible to drink directly over the bubbler. Contamination is avoided.

The Jewett cooler connects direct with the water supply.

It can be set in any corner convenient to plumbing.

Water does not come in contact with the ice. The coil rests under the ice tray.

May be purchased from factory at first cost. No middle profit.

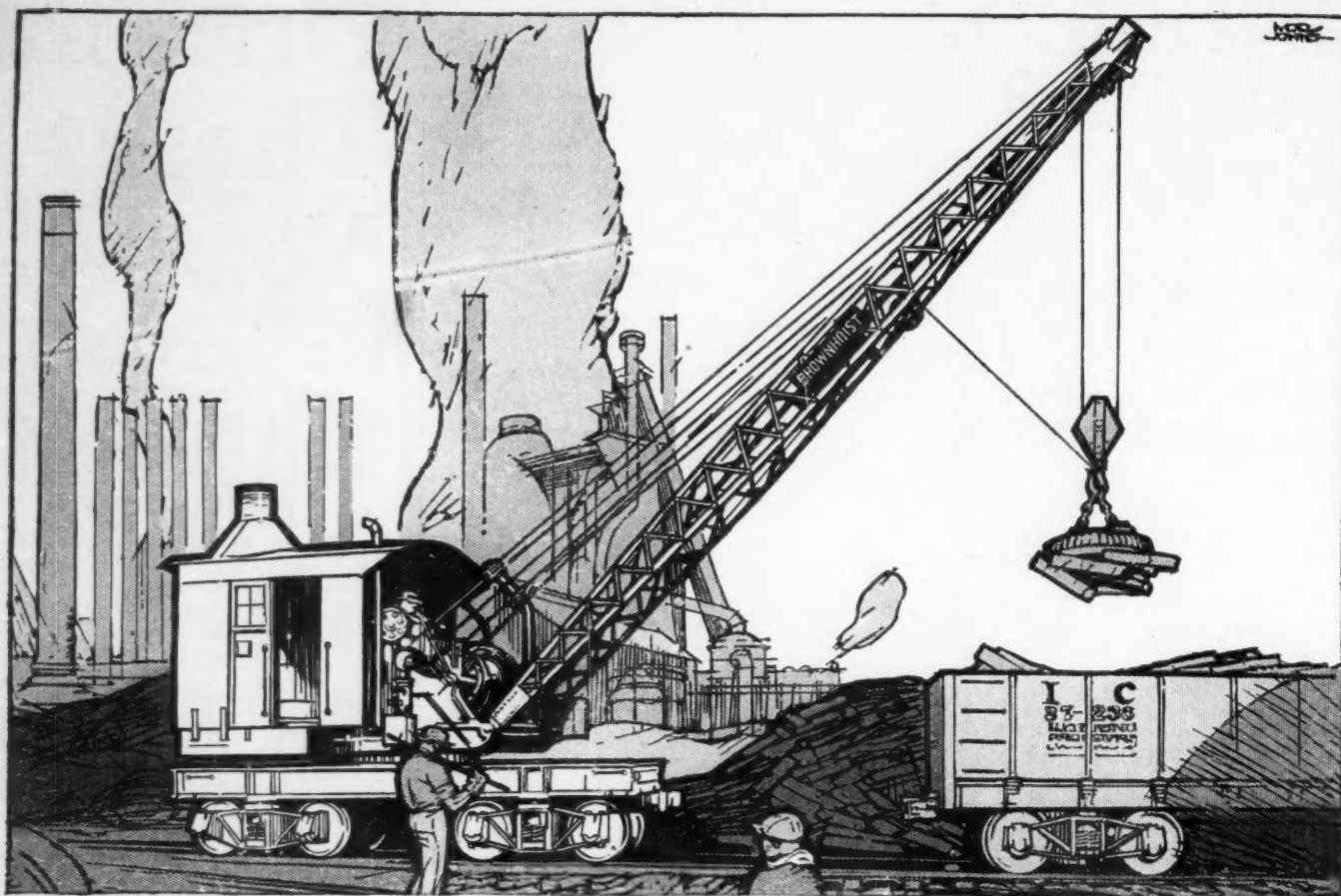
Quotations and data by mail.

The Jewett Refrigerator Co.

Established 1849

25 Chandler Street
BUFFALO, N. Y.





Brownhoist No. 4 Locomotive Crane handling Pig Iron with Magnet

Saving \$100 To \$150 A Day Unloading Raw Materials

Many industrial plants are saving 75 per cent on the handling of incoming raw materials by using a Brownhoist Crane. On this type of work a Brownhoist easily replaces fifty men.

One Brownhoist user writes—"Our crane savings are clearly shown by our unloading cost per ton. At present wages it would cost us 60 cents per ton to unload by the old method. The crane handling cost is 11 cents per ton (including all operating and depreciation costs). This nets us a saving of 49 cents a ton".

And, while in many plants handling material by magnet is the main duty of the Brownhoist, it adds greatly to its usefulness by handling coal, unloading machinery and equipment and for switching and spotting cars.

In your plant equally great savings may be possible. Catalog K shows many applications of crane economies. May we send it?

The Brown Hoisting Machinery Co., Cleveland, Ohio

Branches: New York, Chicago, Pittsburgh, San Francisco, New Orleans.

Products—Grab Buckets, Electric Hoists, Trolleys, Overhead Cranes, Bridge Cranes, Heavy Dock Machinery

BROWNHOIST

LOCOMOTIVE CRANES AND HOISTING DEVICES

THE NATION'S BUSINESS

A Magazine for  Business Men

VOLUME 10, NUMBER 6

JUNE, 1922

It's Distribution That Costs!

By REPRESENTATIVE SYDNEY ANDERSON

Chairman of the Joint Commission of Agricultural Inquiry of Congress

IT COSTS more today to transport, sell and deliver commodities produced in the United States than it does to produce and manufacture them. This amazing condition at once presents the problem and reveals the revolution which has taken place in the manufacture, transportation, sale and distribution of commodities in this country.

We do not have much data upon either manufacture or distribution thirty years ago, but it is safe to say, speaking generally, that thirty years ago manufacturing was done in small volume at high unit cost and that distribution was relatively local and distribution costs relatively low. The evolution of modern machinery and its substitution for hand labor and the development of mass production revolutionized the processes of both manufacture and distribution. Mass production increased the volume of manufactured goods and reduced the unit cost. Production outran local demand, necessitating wider markets developed at increasing expense through specialized sales agencies and tremendous advertising campaigns, until today we have a reversal of the situation of thirty years ago with mass production at small cost and national distribution at high cost.

We do not know and it will probably never be possible accurately to ascertain the average return of the original producer of the raw material from the consumer's dollar, but such data as have been accumulated indicate that it is probably not more than 28 cents at the local market.

Again, the proportion of the consumer's dollar represented by the cost of manufacture varies widely with the degree of manufacture and fabrication represented by the article, and an average figure representing this cost would have to be made with many reservations. However, this cost probably does not exceed from 10 to 17 cents of the consumer's dollar, and it is quite certain that the cost of production and manufacture together are less than the total cost of transportation, selling and delivery.

I give below examples of what the consumer actually pays for in buying certain commodities and how the price is divided up. The figures were arrived at through extensive research by our joint congressional commission which has been working for months on this difficult and intricate problem.

In buying a dozen oranges for 75 cents in 1921, you would have paid the different agencies as follows:

	Cents
Grower	23
Harvesting, packing and selling paid by growers' exchange	08.8
Transportation	16.2
Transportation tax	00.5
Wholesaler	06.1
Retailer	20.4

And here is how \$10, paid for a pair of shoes, splits up:

Retailer receives \$2.83 of which	\$2.50
is expense of operation and33
is profit.	
Manufacturer receives \$7.17, of which ..	3.85
is raw material.	
Cost of manufacture	1.83
Overhead and selling cost	1.09
Profit31
Tax09

One dollar spent for corn flakes is divided this way:

	Cents
Cost of production and manufacture ..	36.6
of which the producer receives	21.0
Paid for transportation	05.9
To elevator	01.6
Cost of manufacture	08.1
Cost on distribution was 62.4 of which—	
Manufacturer's cost of selling was	07.3
Advertising	04.5
Transportation	09.1
Taxes	07.0
Profit	07.5
Wholesaler's operating expense	07.0
Profit	01.7
Retailer's operating expense	13.3
Profit	6.0

The problem which this situation presents

is not a problem exclusively, or, necessarily principally, of the producer, manufacturer, transporter or distributor of goods. All of these have a part in it and must necessarily be concerned in its solution, but no complete solution will be possible except upon the basis of the consideration of the question as a national problem. A definite improvement in the situation considered nationally must be predicated upon a more accurate and comprehensive basis of fact than we have at present.

The first impression gained by the investigator of distributive processes is that the knowledge of distribution in a national sense is fragmentary, unorganized and inconclusive, but sufficient data are available to enable us to suggest some of the factors effective in widening the spread between the producer and the consumer and to indicate the direction in which the remedial processes may be applied. In the first place it seems axiomatic that the cost of distribution is influenced by the number and variety of consumer's goods produced and the number and variety of services which attach to them all along the line.

The complexities of modern civilization, requiring sales in smaller quantities, more expensive delivery, a more complete state of manufacture, particularly in the case of foods which are purchased in their cooked state ready for the table, in many instances are also a large factor in increasing the cost of distribution. These costs must be regarded apparently as a permanent addition to the high cost of living.

At the other end, particularly in agricultural commodities, the unorganized character of the production and selling processes have much to do with the increasing costs of distribution. I am told, for instance, there are more than 500 commercial or planter's varieties of cotton, varying greatly in length of staple, tensile strength and spinning qualities. It seems probable that, if the number of these varieties could be reduced and the varieties standardized, great economies could be effected not only in production but in distribution.

Farm products are usually sold in small lots, unsorted and ungraded as they come from the farm. The handling of such commodities, for which the producer assumes no responsibility in the way of a guarantee as to quality, grade or standard, involves a risk which necessarily increases the margin taken by the middleman. If

Who Gets the Money?

IN the May NATION'S BUSINESS, James B. Morrow told something of Sydney Anderson and the Congressional Commission of which he is chairman. This body has just completed a remarkable investigation of distribution. Instead of relying on figures already in stock at the government departments they went to original sources. They were aided in different parts of the country by voluntary committees made up of shippers, transportation experts, middlemen and retailers. As a result we have for once a definite answer to the ancient question: Why does the consumer have to pay so much when the producer gets so little?

Fresh from the discoveries of the commission, Mr. Anderson makes some very interesting comments on the virtues and failings of our national system of delivery.

THE EDITOR

these risks are reduced through cooperative organization of farmers, who sort and grade the product and guarantee its quality and grade, the costs of distribution will be reduced all along the line.

In the manufacturing and distributive fields it seems likely that three factors are largely influential in increasing costs of distribution; these factors are over-plant capacity, over-production and excessive competition. Excessive plant capacity makes for high capital cost, excessive overhead cost per unit of production and seasonal employment, all of which tend to increase the cost of manufacture. This over-capacity in manufacturing is often duplicated in the distributive agencies.

In suggesting over-production as one of the factors tending to increase the cost of distribution, I do not, of course, mean to suggest that there are often, if ever, more goods produced than the desires or even the needs of the people require. I have rather in mind production in excess of present demand which tends to congest the channels of distribution, reducing the turn-over of the distributive agencies and creating a dam which slows down, or stops altogether for the time being, the processes of manufacture.

Manufacturers frequently endeavor to break into markets already congested at long distances from the points of manufacture with parallel lines when better markets, more easily accessible at lower costs, are available. Again, the market is congested with manufactured goods sold as a result of enormous advertising campaigns and tremendous sales effort when a more intensive study of the market and its requirements would make possible an even flow of merchandise throughout the year without congestion. Over-production in the sense I have indicated increases distributive costs by adding to idle stocks with consequent increases in charges for storage, interest, depreciation and obsolescence.

You Pay for Duplication

IN suggesting that over-competition may be a factor in increasing distributive cost I have no idea of proposing that competition should be eliminated; I am only suggesting that the competition which duplicates manufacturing plants and wholesale and retail distributing agencies of all kinds may be a very considerable factor in increasing the cost of these processes. It is quite possible that the price reductions which might normally be expected to flow from the keen competition of a large number of competing distributive agencies is more than offset by the increased number and the larger overhead and selling expense which must be charged against the goods sold by all of them.

We do not know to what extent the special services, convenience or advantages involved in quality of service, convenience, store environment, sales effort, credit and delivery are offset by the economies resulting from the increased volume. They may be more than offset in the case of individual stores, but considering distributing agencies as a whole, it is altogether probable that the costs of distribution, more particularly in the retail lines, are increased by the competition which compels a duplication of these services and conveniences in all of the stores competing for the same general class of trade.

It seems probable that the ideal distribution system contemplates the even flow of merchandise from plants operating continuously through the smallest number of efficiently conducted distributive agencies to meet an established demand. It is much

easier to suggest an idea than to bring it about. The ideal is the result of philosophy and its consummation is the result of the application of established method and practice to a basis of known facts. We do not know enough about the processes of distribution to measure accurately the factors which influence price and costs and their influence upon each other. The facts of distribution are still to be gathered and knowledge of distribution is still to be organized.

In this respect the distributive trades differ from engineering, finance, medicine or other professions, in which the experience of ages has been accumulated, the basic formulae established, and the knowledge organized for the benefit of the profession and of humanity.

The man who wants to be an engineer or lawyer or doctor will find the accumulated experience of his profession and its organized knowledge brought together where it is readily accessible. He does not need to go back to first principles or to work out its fundamental formulas. These have been accumulated and organized for him, and in the schools and universities he can acquire, in a few years of study, basic knowledge of principles and practice essential to fit him as a practicing member of his profession. But the man who desires to enter the field of distribution cannot find today the assembled facts or the organized knowledge of the fundamentals of distributive economics which he should have as a basis of his business career. These include not only a knowledge of the business which he seeks to enter, but some understanding of the relation of that business to other distributive processes.

Most of the distributive business of the country is done by rule of thumb. The average business man learns his trade by growing up in it. His business knowledge is consequently limited to his own experience and what has been handed to him by those with whom he has been associated. If the problems of business were not so practical, if, in other words, they were more scientific and theoretical, the business man would at once recognize the necessity of a sound basis of organized knowledge upon which to predicate his decisions. But because business is practical the business man assumes that his problems may be wisely solved on the basis of his own experience, plus what he terms horse sense. As a matter of fact, there is as great need for the establishment of a sound basis of facts in the distributive field as there ever was in any scientific field.

The business man's problem cannot be solved for him by the Government, by his trade associations or any other agency. Two factors are necessary for their solution: first, the establishment of a comprehensive and sound basis of organized knowledge and principle, and, second, a recognition on the part of the business man that business decisions must be predicated upon business ex-

perience plus a sound basis of economic fact. Business records are notoriously inadequate. Probably not more than 9 per cent of the business institutions of the United States have cost systems. Distributive processes will continue to be more or less unorganized, wasteful and inefficient so long as the business man insists upon trying to carry around the accumulated business knowledge of the world in his head instead of helping to create a basis of accumulated fact, representing not only his own experience but the experience of the distributive agencies of the country as a whole, which will be readily accessible as a basis for wise judgments.

The average man's business day is made up of an infinite complexity of detail, and he is so immersed in this sea of small things that he has neither the time nor the inclination to consider the distributive system as a whole or his particular relation to it, or his responsibility as a part of it to the public. He accepts the conventional theory and practice of distribution because he does not have the time to think out new methods or new practices more definitely adapted to the requirements of his business in its relation to the business of others with whom it contacts. If the business man could be persuaded to consider production and distribution from the standpoint of the other fellow, including the consumer, and could be induced to develop the market for his product from this point of view, there would be less congestion of distributive channels and a more even flow of merchandise in response to the consumer's demand. The business man himself holds the key to improvement in distributive processes.

Legislation Not the Remedy

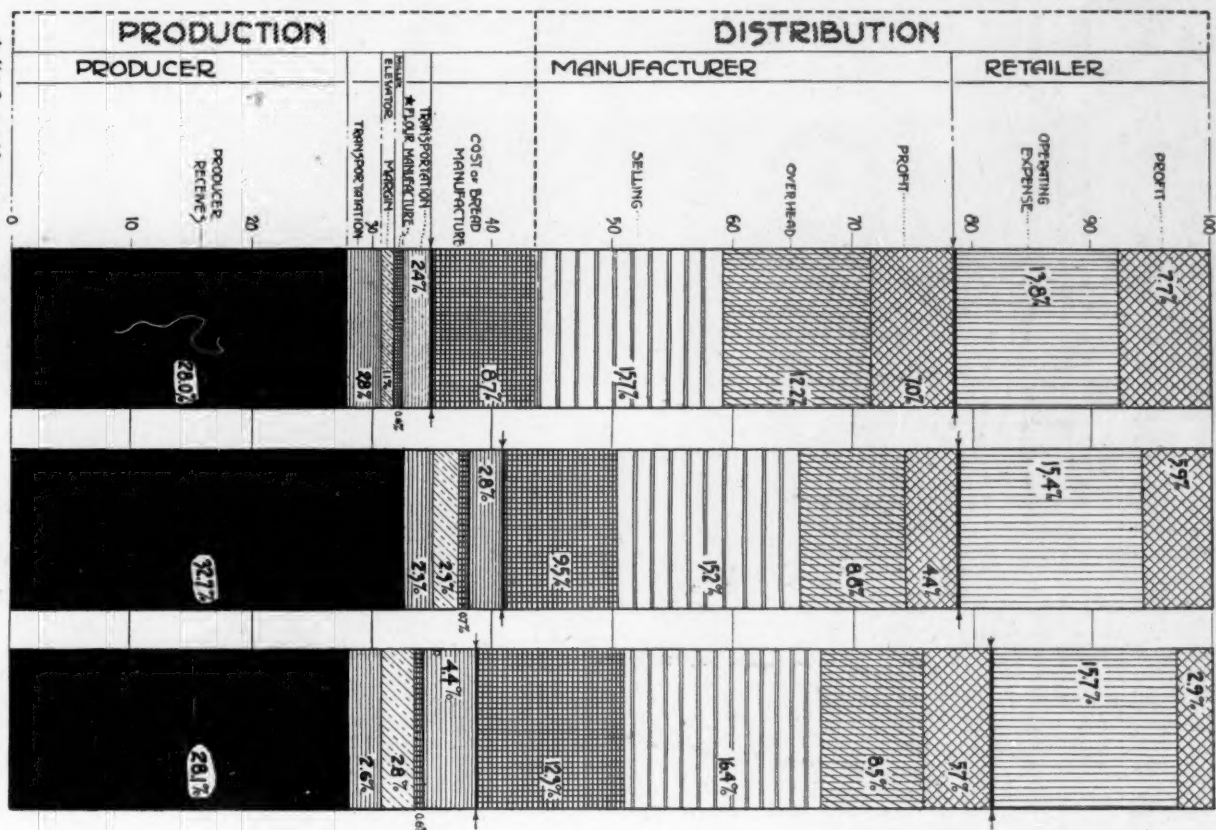
IMPROVEMENT in distributive processes with consequent reductions in costs cannot come as the result of legislation except as legislation may help to set in motion economic forces to this end. Definite permanent improvement must come through a better knowledge of the processes involved and sounder practices on the part of those directly concerned. The first thing that must be done to accomplish this result is to get the basic information from which the formulae of principle and practice in the distributive professions can be worked out. This means the setting up of the necessary machinery, preferably under private and disinterested auspices, for getting this information with the cooperation of the various distributive agencies affected and the help of the government departments charged with the study and direction of marketing and distribution.

I should like to see the Department of Commerce furnished with sufficient appropriation and clothed with the necessary authority to secure, through cooperation with trades and trade organizations, the basic information upon which more intensive and comprehensive study of distribution could be made. I would like to see the genius of the American people directed toward the solution of this problem, for I believe the genius which evolved mass production if directed toward the solution of the problem of distribution, can do much toward narrowing the spread between the producer and the consumer. Improvement in distributive processes cannot be brought about over night; it must of necessity be the result of more definite knowledge and organization of the facts of distribution and of a long period of careful and sound experimentation. I do not have the slightest doubt that the genius of the American people, aroused to the fact that there is a problem of distribution, will find a satisfactory solution.



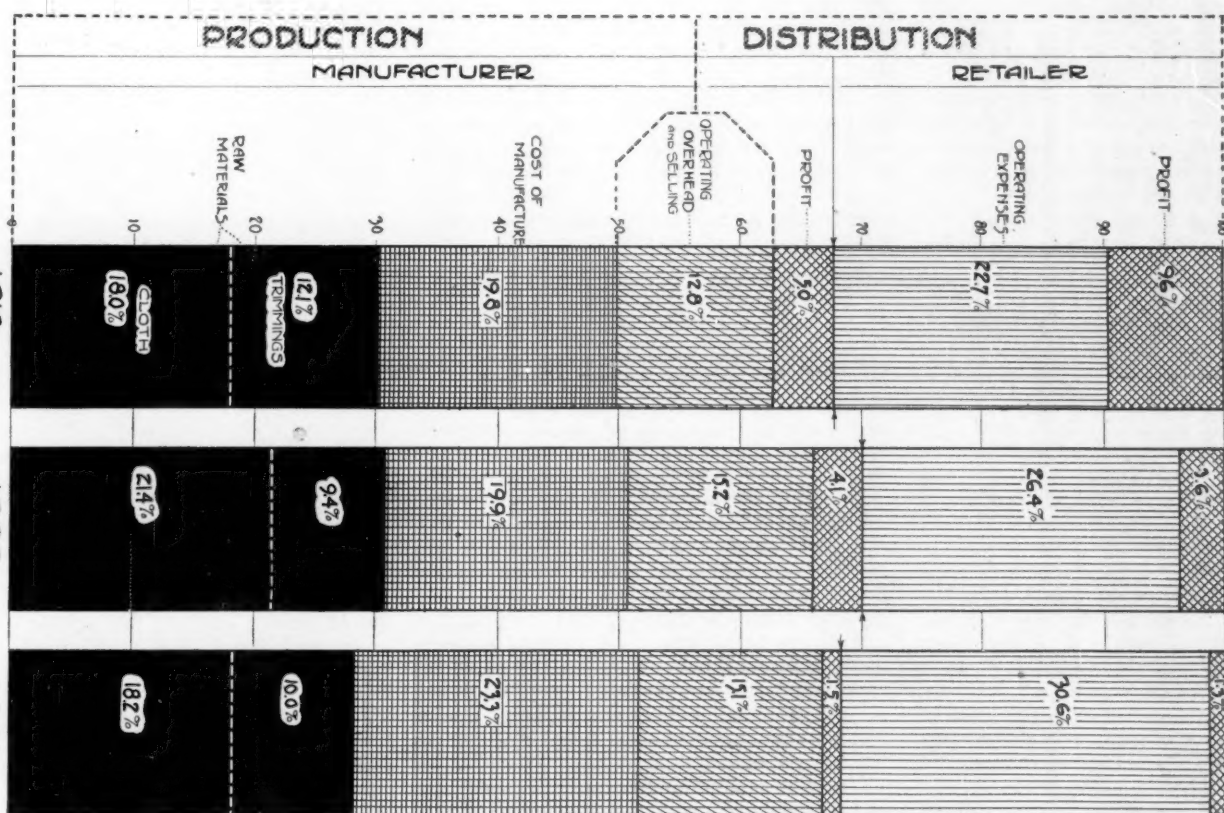
BREAD

DETAILED DISTRIBUTION OF THE CONSUMERS DOLLAR
BETWEEN THE
PRODUCER, MILLER, MANUFACTURER AND RETAILER.



MENS SUITS

DETAILED DISTRIBUTION OF THE CONSUMERS DOLLAR
BETWEEN THE
MANUFACTURER AND RETAILER.



These charts, published here for the first time, show where the money goes in two important commodities.

* Net Cost of Manufacture and Distribution of Flour and Millers Profit has been on By-products

JOINT COMMISSION ON AGRICULTURAL INQUIRY

JOINT COMMISSION ON AGRICULTURAL INQUIRY

Wanted: More Coal, Fewer Mines

By GEORGE OTIS SMITH

Director, United States Geological Survey

A COUPLE of weeks ago, at the Hampton Normal and Agricultural Institute, I saw a Plymouth Rock hen with 276 eggs to her credit as the measure of a year's work. As I am not a hen enthusiast, my mind wandered from poultry records to a subject nearer my heart; I found myself comparing this hen's year with the coal mine worker's year. Last year the average soft coal mine of the country was open for work only 170 days, and the average year in the soft-coal industry over a long term of years contains only 215 working days—to that extent is the output of the coal miner limited by causes beyond his control.

But to come back to the hen: all over our country scientific breeders are working on the problem of increasing egg production—of adding days to the hen year—and they are succeeding, for a Washington State experiment station furnishes records of several hens that are putting in about 300 days of productive effort to the year. True, these are not average hens, but the outstanding fact is that man-controlled evolution has bred these super-hens up from average hens. That Virginia hen with the 276-egg record is a better worker than any of her ancestors, and therefore she represents the type of American producer that the country needs. If we look back thirty years over the coal industry, however, we see no increase in the length of the working year. Man's control of coal mines does not seem to work out as well as man's control of hens.

Yet there is the same kind of public concern in the length of the coal-mining year as in the length of the egg-laying year: coal miners work by the year just as hens work by the year, and the cost of coal is related to the number of days on which the mine operates in the year just as the cost of eggs is related to the number of days on which the hen lays. In this respect the coal business and the egg business conform to the same economic law, but are we making as much progress with coal as with eggs?

The individual citizen has a larger interest in coal than he may realize. Of the 6 tons that our statistics show are consumed by the average man, woman, and child in the average year, only one ton is burned under the personal supervision of the householder in heating our homes and cooking our food, whereas 2 tons are used on account of each of us at the power stations or in the industrial plants, large and small, another ton in running our coal mines and in making coke



Photographic study of a miner by Lewis W. Hine

and gas, and 1½ tons are burned by the railroad locomotives in hauling the freight each of us needs and in making possible our own journeys.

Look behind the scenes and we find coal connected with most of the incidents of our daily life: this printed page you are reading cost more than twice its weight in coal; each ton of the steel on which our civilization rests represents more than 2 tons of coal; even the cement that is so important in every type of construction has cost half its weight in coal. The coal mined each year and converted into steam power actually performs more mechanical work than the army of coal miners who produced it could do in more than a thousand years; to that extent does coal multiply our man power. We move about our cities and between our cities by coal power, and even with a daylight-saving schedule we work and play many hours by coal-generated light. Sum it all up and we find that we depend so much upon coal that to close down all the coal mines in midwinter would not only quickly turn off our heat and light but would soon leave us idle and hungry. Coal is our shortest word for industry and comfort.

And considerable coal is contained in the ice you buy, for the 100 pound block of ice in the delivery cart at your door represents at least 10 pounds of coal burned at the ice factory.

The average citizen, then, cannot escape his annual coal bill, whether he pays it directly or indirectly; like the drummer's overcoat, that 6 tons of coal are in the expense account, whether itemized or not. The two and a half billion dollars that our coal sells for at the mine mouth form a considerable item in the country's account for the year. What coal costs is thus a matter of large

moment in the nation's business—it may even cost more than we can pay, and then many factories and shops will be closed and the front room will be heated only on special occasions.

A coal strike may be regarded even as almost providential if it awakens the American public not only to the fact of its dependence upon coal but also to the unfortunate fact that something is wrong with this coal business. Whatever the legislative remedy that may be suggested, the basal fact must be kept in mind that coal mining is a wasteful industry—it is using many more mines and many more miners than are necessary to get out the coal that the country needs.

An inflated industry means inflated costs. Last year mines and men that could have produced nearly 700,000,000 tons of soft coal mined barely 400,000,000 tons, and yet both mines and miners expected a year's wages for their work. For this reason we have now, as a real problem in national arithmetic: How many days make a year?

Alongside that prize Plymouth Rock hen down at the Hampton exhibit stood another hen with an even better appetite for grain but only half the output of eggs—there were far too many idle days in her year. With both coal mines and hens the days that don't count in the productive year do count on the other side of the ledger, and in the long run the public actually supports the idle mines just as too many farmers feed idle hens. We need to count the working days in a year and study how to cut down the cost of eggs and of coal. Fortunately, the farmer can put his idle hens to another use: he can decrease the size of his flock without reducing the output of eggs. Hence the evolution of the hen with a 200 to 300-day year. Amortization of the idle hen is easy, but might it not also pay to use the ax to promote evolution in the coal industry and have fewer and better mines—mines that can work 300 days a year?

There's Agreement on This

DISINTERESTED observers of the coal situation—if any of us can be truly disinterested—are agreed that the soft coal industry is overdeveloped. Excessive competition seems not to have worked out to the lasting advantage of either consumer, operator, or miner. Part-time operation of the mine and part-time employment of the miner are unsatisfactory to all concerned. In its May bulletin the National City Bank discusses this problem of giving full and regular employ-

ment to the workers needed to mine the country's coal supply. "High pay while at work, coupled with numerous days of idleness," may be an attractive program, but it is demoralizing in its influence and expensive in its results. The payment of "full-time wages for half-time work" violates economic principles, and no relief can come either to the coal industry in particular or to society in general by "any attempt to base wages upon the amount of idle time in the industry. What is wanted is less idle time."

The conclusion of the National City Bank economist is that the overcrowded occupation of mine worker must be deflated by inducing one-third of the miners to seek other work. Nor does he overlook the equally obvious requirement that a large number of mines must go out of business if we are to have a longer mining year. Other students of the problem, including many editorial writers, have come to this same conclusion—too many mines and too many miners. But with all this consensus of opinion the real problem is to determine who are the surplus miners and which are the surplus mines. Governmental intervention in the form of operation of the coal mines would surely intensify this problem rather than solve it. Politics is not yet a good solvent of economics. There seems to be no short cut to deflation, even though we may agree with the National City Bank opinion that "the coal industry is on a false basis, and kept there by mistaken leadership, supported by mistaken sentiment."

A Difficult Patient

THE process of making this "sick" industry well, this "spendthrift" industry thrifty, this "discredited" industry a thing of better public repute, promises to be slow of accomplishment. The only route to betterment of the coal industry would seem to be that old route—learn the facts and teach them to the people. In the end, public opinion must be the force that refuses capital for unneeded mines, that refuses wages for idle miners, that encourages off-season buying and storage of coal by consumers—that compels, in short, the realization of the two ideals, cheaper coal for the consumer and larger earnings for the miner and operator. The coal-consuming public is coming to realize that, although it is the silent partner in this business, it has the largest interest; and the silent partner is now asking for an accounting.

The present coal strike will be not without benefit if the general public demands all the facts and seeks a lasting remedy for those deep-seated troubles of which the strike is only a symptom. We must confess that we do not fully know how uneconomical the average mine is in its employment of capital and labor, how much the coal we buy actually costs to mine, or how much less it should cost under better engineering management. What we already know, however, points unmistakably to the conclusion that the average coal mine operates too few days in the year and that the average worker in the average mine is not given the opportunity to work hours enough in the day or days enough in the year to earn enough to maintain a proper standard of living without his wage rate being out of accord with that of his fellows in other trades. The coal miner must not regard himself as in a preferred class, for the world owes him a living only as he earns it, but admittedly he should have a better chance to earn it. Lower wages but more pay—less per ton or per day but more tons and more days in the year—would seem to be the just and equitable way to get cheaper coal.

The public, through its Government, then

may well give attention to the coal-mine calendar and have the effort made to put more days into the coal-mine year. Seeing that our annual per capita quota of eggs—21 dozen—has a hen-house value of about \$10 and our per capita supply of coal a mine-mouth value of more than twice that amount, seeking a longer year for the coal mine would

appear to be fully as profitable a subject for public investigation as a longer year for the hen. Both coal and eggs come under the general welfare clause.

And we can start off our coal-mine study with the premise that 170 days or even 215 days do not make a profitable year in any industry.

What About Coal Supplies?

A SURVEY of the coal production in the United States for the first month of the strike shows that we produced about 54.2 per cent of the April, 1921, output. This applies almost entirely to bituminous, since there is practically no mining of anthracite, and indicates to what extent non-union fields are taking care of the demand.

Here are the figures for the month of April:

Week ended	Total loaded cars	Average daily	% 1921 ¹ of 1921
April 8	65,185	10,864	54.2
15	63,021	10,587	52.8
22	61,822	10,304	51.3
29	72,640	12,106	60.3
Total	262,668	10,944	54.6
Grand total ²	272,804	10,912	54.2

¹Includes single day April 1.

²Based on average daily loading April, 1921, of 20,054 cars.

Figuring on a basis of 50 tons per car, the average loading per week for the four weeks was 3,283,350 tons.

Anthracite supplies are being obtained from stocks on hand. The United States Geological Survey has published figures based on statements from 648 typical retail dealers, showing the days' supply of anthracite usually carried by them on April 1, as follows:

	Days
April 1, 1919	31
March 1, 1920	21
April 1, 1921	36
March 1, 1922	28

Information obtained from unofficial sources indicates that, on April 1, there were in the hands of the producers at various points in the east and in storage on the Upper Lake docks approximately 3,000,000 tons of anthracite and 1,000,000 tons of by-product coke suitable for domestic purposes.

Assuming that this supply could be evenly distributed among all consumers, it will last several months. In considering this estimate, it should be borne in mind, however, that each locality has its own peculiar conditions. Storage capacity and supplies actually carried vary in different localities and the considerable variation in climatic conditions, coupled with the disarrangement in the usual system of distribution resulting from the strike, makes any estimate as to the length of time anthracite stocks on hand will last, problematical.

The following statement made by the Geological Survey will be of interest as indicating the average days' supply of bituminous coal in the hands of various classes of consumers in the United States on January 1 and March 1, 1922:

	Jan. 1	March 1
By-product coke plants	42	39
Steel plants	48	48
Other industrials	51	56
Artificial gas plants	89	82
Electric utilities	51	54
Coal dealers (bituminous)	33	23
Railroads (estimated from incomplete data)	35	42

The stock in the hands of railroads, industrial consumers, public utilities and retailers was approximately 63,000,000 net tons.

Adding to this 4,250,000 estimated at the Upper Lake docks and the unbilled coal on hand April 1, there was a total of 68,650,000 net tons above ground April 1, 1922. As the Survey has pointed out, stocks cannot drop below 20,000,000 tons without danger of a "coal panic." The quantity of coal, therefore, which can be drawn from stocks before a serious situation develops is 48,650,000 tons. To this supply there will be continuously added the output from the non-union fields which up to date has averaged about 3,500,000 tons per week.

At the present time the average weekly consumption is estimated to be 8,100,000 tons. Therefore, supply from the nonunion fields is falling short of meeting the consumption 4,600,000 tons per week. To cover this deficit, we have the 48,650,000 tons in storage. If the consumer continues to draw from this storage at the rate of 4,600,000 tons per week, unless there is an increase in production from the nonunion fields, a shortage will be felt in approximately ten weeks from April 1, or seven weeks from this date.

The above are average figures covering the entire producing and consuming areas, and rest on an even division of product and uniform storage capacity and uniform stocks on hand throughout the country. In reality, however, such uniform conditions do not exist in the different communities. If the strike continues, the ordinary lines of distribution are likely to be disarranged and result in great variation in the ability of the different communities to secure needed supplies.

An anomalous condition of special interest is found in the present strike, in the light demand for bituminous coal, and the large number of unbilled, unsold, loaded cars—a condition not existing in previous strikes.

In its report of April 15, the Geological Survey states that "during the first week of the strike, the current production from these districts (the nonunion fields) is much less than could be produced owing to 'no markets,' 'dull demands,' and 'unbilled coal.'" In its report of April 22 it again states: "Lack of demand remains the limiting factor in most of the nonunion fields"; and "from those districts as yet unaffected reports of 'no markets' continue to be received. The number of loaded cars unconsigned at the mines is still large, though now decreasing. More coal could be produced if the demand increased."

Another phase of this peculiar condition is the large amount of coal that has been loaded into railroad cars remaining unbilled, meaning thereby cars not sold. It is not possible to obtain the average number of unbilled coal cars carried during normal times, but from figures published by the United States Geological Survey we have the following:

	Cars
On March 4, about a month before strike was called	14,000
On April 1, beginning of strike	28,867
On April 15, end of second week of strike ..	26,790
On April 22, end of third week of strike ..	22,663
On April 29, end of fourth week of strike ..	17,703

Business at the Council Table

By A MEMBER OF THE STAFF

THE TENTH annual convention of the Chamber of Commerce of the United States reached its climax both in attendance and in popular interest on the afternoon of the closing day, when President Harding made an appearance which had not been widely heralded in advance.

The President seized upon the occasion to coin a phrase which merits the attention of every American business man. Mr. Harding had been talking of commerce as the life-blood of civilization. After a dramatic pause he went on to say:

"I wish to speak, ladies and gentlemen, for a commerce with a conscience."

An audience of 1,500 business men was quick to grasp the President's point and no less quick to show its approval. There was just as much applause given when the President drove home this point by his saying:

"If the commerce of America were always conscientious, there never would be a single excuse for Government in American business."

Mr. Harding's appearance was not the only instance in a memorable week of governmental participation that met with the approval of the delegates. Secretary of Commerce Hoover delivered one of the most notable of the addresses before the convention when he spoke on the "Effect of the European Situation on American Business," while Secretary of State Hughes brought the general sessions to a close on Thursday evening with an address on "Some Aspects of the Work of the Department of State."

As his chief had called for commerce with a conscience at his address in the afternoon, so at the evening session the Secretary of State made a strong plea for international morality. Without making direct reference to any country he laid this down as a principle:

"International relations proceed upon the postulates of international morality and the most important principle to be maintained at this time with respect to international relations is that no state is entitled to a place within the family of nations if it destroys the foundation of honorable intercourse by resort to confiscation and repudiation and fails to maintain an adequate system of government through which valid rights and valid engagements are recognized and enforced."

The Start on the New Building

THIS tenth anniversary of the Chamber was notable not only for the men who addressed it but for the fact that it was made the occasion for the laying of the cornerstone of the new building of the Chamber, which is to serve as the council chamber of the nation's business in the nation's capital. A feature of the occasion was the presence of three of the four secretaries of commerce who have been in office since the Chamber was founded: Charles Nagel who, with President Taft, brought about the meeting that led to the Chamber of Commerce of the United States; William C. Redfield, his successor, who, in office and out, has been a loyal friend to the Chamber; and the present incumbent, Herbert Hoover, who has not spared himself in giving of his time and of his counsel to its affairs.

It was in April, 1912, that the Chamber was brought into being at the meeting called

WE held the presses to get into this number of *THE NATION'S BUSINESS* an interpretation of the annual meeting of the Chamber of Commerce of the United States which closed its sessions in Washington on May 18. Outstanding features of the convention are presented here.

Business leaders of the country gather once a year at the invitation of the National Chamber. It has been called a "committee of the whole" of our commerce and industry. Experiences are exchanged and plans mapped out for the year ahead.

For the benefit of those who were not present and for delegates who want a comprehensive record of what was done, we are issuing early in June a special edition devoted to this convention. It will be sent without charge to all subscribers.

THE EDITOR

by President Taft and Secretary Nagel. In ten years it has grown from a four-room office and barely a four-man force to an institution with a force of nearly three hundred who have no spare room in the six floors it occupies in the Mills Building.

But cornerstone layings and addresses by the President of the United States were not, after all, the real purposes of the gathering. The meeting was called for the customary purposes of choosing officers and directors and for the further purpose of bringing to bear the best brains of American business on these two subjects:

EUROPEAN CONDITIONS AND THEIR EFFECT ON AMERICAN BUSINESS

and A MERCHANT MARINE

At its general sessions the convention stuck closely to these two subjects and they figure in a number of the most important of the resolutions which were adopted at the open meeting.

Those who were responsible for the choice of subjects and for the program as it was finally agreed upon might well have hesitated. As Joseph H. Defrees, the retiring president, said in his opening address:

"It would have been easier and more agreeable to many to discuss purely domestic business problems . . . but so long as it was our earnest belief that European instability was the greatest menace to American business, American stability and American prosperity, we have only fulfilled our duty in placing it before you."

That the program makers had done wisely in following the line thus indicated by Mr. Defrees there could be no doubt. It was necessary only to watch the audience on the opening morning as they listened to Mr. Arthur Balfour, vice-president of the British Association of Chambers of Commerce. Mr.

Balfour would, I am sure, be the last to claim for himself any supreme excellence as an orator. He is an agreeable talker, but it was his subject far more than his manner that kept an audience of business men listening intently to an address that was full of figures and full, too, of figures in foreign money, which are not always as easy to comprehend. They were keenly interested in Mr. Balfour's declaration that "there is an absolute determination of the British people to pay the whole amounts they owe at the earliest possible moment, but I will not hide from you the fact that this is going to strain the resources and the courage of the British people to the very utmost."

There was also applause for Mr. Balfour's assertion that the only hope for Europe lay in a drastic and accumulative reduction of expenditure. "It is," he said, "the prime duty of all those engaged in industry and commerce not only to suggest to the administrators of their country the methods by which savings can be made but to insist imperatively on those savings and to see that they are actually put into operation."

Balanced Budgets First

THAT same note of immediate and pressing necessity of keeping income and outgo balanced was sounded by almost every one of the distinguished speakers who discussed our relations with Europe. Mr. Hoover stressed it in his speech, and laid down, as had Mr. Balfour, the principle that budgets must be balanced not by the increase in taxation but by the decrease in expense. In effect, this was the point made: How can we do business with a country which is constantly running further in debt? We should not continue business relations with a customer at home who could only make both ends meet by increased borrowing and who paid the interest he owed to A by a new loan from B.

In his address on our relations with Russia, which the Secretary of Commerce made at a dinner given by Mr. A. C. Bedford to the American Section of the International Chamber of Commerce, Mr. Hoover put it forcefully when he said:

"If we would supply work, capital and talent to the reconstruction of productivity in Russia they must be given on credit or charity. . . . but the fatal difficulty is that, even under the present somewhat modified system, both security and promise of productivity are insufficiently certain and this certainly has to be made clear not to the American government, which is not a money lender, nor to the American banker, who is but a broker, but to the American investor whose savings are at stake."

Mr. Balfour at the same dinner put a similar sentiment this way:

"I don't want to lend my money to a country which is spending more than its income, nor do I want my government to take my income tax and lend it to the same country."

There seems to be a general feeling that the one necessary step toward cutting down was a reduction of military expenditure. In a striking cable dispatch from Genoa, where he has been an interested observer of the conference, Frank A. Vanderlip said:

"Disarmament could not be discussed here, but must be before budgets can be balanced. Therefore, reduced military expenditures are a prerequisite to stabilizing currency." Incidentally Mr. Vanderlip's dispatch added not a little to the dramatic interest of the convention session at which Mr. Bedford read it. It gave to the audience a sense of being in immediate touch with the European affairs they had got together to discuss.

There is neither space here nor time between the meeting and the appearance of this magazine to give even the most casual mention of a dozen other no less important speeches. Men such as Dwight Morrow, of J. P. Morgan and Company, Silas H. Strawn, of Montgomery, Ward and Company, and Francis H. Sisson, of the Guaranty Trust Company, talked of Europe's problems as they affect us, while the morning devoted to the merchant marine brought together Chairman Lasker of the Shipping Board, Harvey Sconce, to give the farmer's point of view, J. L. Ackerson of the Merchant Shipping Company, and Frank C. Munson of the Munson Lines.

The international character of the discussion was reflected in the leading resolutions which were adopted by the full convention. One which aroused much interest was that which declared for our representation on the Reparations Commission in the following terms:

"Recognizing the handicap under which our Government is now laboring without any authoritative voice in the far-reaching decisions of this important world agency, the Chamber of Commerce of the United States urges that all necessary measures, including the approval of Congress, be speedily taken to procure for the United States official representation on the Reparations Commission."

Further indication of the recognition by the members of the Chamber of the importance of Europe to us was shown by the second resolution which declared in favor of

Julius H. Barnes, newly elected president of the Chamber of Commerce of the United States. This picture was taken when Mr. Barnes was handling the affairs of the Grain Corporation at Washington.

the representation of the United States in the international court to whose establishment American statesmen contributed so much. Recognizing that the United States stands committed to the promotion of international justice, through peaceful solution rather than force, "This Chamber urges that our Government promptly take its place with the other nations of the world in the international court of justice."

Other resolutions dealing with international affairs call for the speedy development of a plan for the disposal of the war claims of our Government and our citizens against Germany, Austria and Hungary; declare that adequate military preparation on our part is the best continuing guaranty of permanent peace and asks Congress to provide a personnel for the Army and Navy and reserve organizations of sufficient strength to insure such guaranty; gave general endorsement to the Hague Rules for ocean bills of lading and requested Congress to provide legislation for these rules with such interpretations as may be necessary; urged speedy action in favor of aid from Government for the maintenance of a merchant marine, and asked that passport fees be reduced and that requirements for passports and visas be discontinued as rapidly as possible.

In choosing its new president, Julius H. Barnes, the Chamber has selected a man with a wide knowledge of international affairs. Mr. Barnes has been for a number of years an exporter of wheat, and in the period of the war was Wheat Director for the United States and president of the United States Grain Corporation. Mr. Barnes per-

sonally represents widely divergent sections of the country. Born in Arkansas, he was educated in Duluth, Minnesota, and Washington, D. C. His business interests were for a long time in Duluth, where he still keeps his residence. But his work in connection with the continuing affairs of the Grain Corporation has led him to spend much of his time in New York.

Mr. Barnes's election is of further interest since it brings to the Chamber a representative of a form of business from which no president has hitherto been chosen. Among Mr. Barnes's predecessors have been bankers, lawyers, manufacturers. Mr. Barnes represents the distribution side of industry, and it is a side to which American business has been giving increasing attention. Mr. Barnes is a student of marketing and has been deeply interested in the development of the inland waterways of the country.

As the United States Chamber of Commerce has expanded and added to itself departments devoted to the various sections of American industry, the group meetings of the annual convention have become of increasing interest and importance. It is not too much to say that what was said at these meetings and the men who said it merit as much attention as the general gatherings themselves. Their very diversity, however, makes it difficult to give them adequate attention.

The writer sat at luncheon between the first general session and the first group meeting with an official of the Pennsylvania railroad and the editor of a business section of a newspaper. The editor knew where he was going. There were three men at three separate group meetings with whom he was anxious to talk and he was planning a route which should catch one before he spoke, another after, and a third before any of the meetings had begun.

The railroad official was frankly puzzled.

"I ought, perhaps," he said, "to go to the group meetings, in which I am supposed to be directly interested, but I have a feeling that I know fairly well the things that will be said there. On the other hand, there are three other meetings at which things are to be discussed in which I have a direct interest as a railroad man and which I should like to know more about."

And he left, still wondering.



© Harris & Ewing

Sizing Up the Borrower

By ALBERT N. HOGG

Vice-President, Corn Exchange National Bank, Philadelphia

SCENE: The office of the president of a big commercial bank. Enter a borrower.

"Good morning, Mr. President."

"Good morning, Mr. Brown, what can I do for you?"

"How's money today?"

"We are getting 6 per cent, but the rate to you is 5 per cent."

"All right, Mr. President, we will want about \$200,000."

"Very good, etc., etc."

It is all a very simple matter, this negotiation of a \$200,000 loan, because the credit of Brown & Company is about as secure as the rock of Gibraltar. In this case the president has no mental reservation. He has a mental picture, however, of Brown & Company's big bank balances, of their irreproachable character and business reputation, the impress of relations extending over a period of years and the excellent statement reposing in the bank's credit files. The statement, condensed, tells its own story:

Quick Assets	\$3,000,000.00
Liabilities	500,000.00
Plant Assets	1,500,000.00
Fixtures, etc.	One dollar

Moreover, the partners in the business, from the president's personal knowledge, possess outside means of several millions of dollars, thus correspondingly strengthening their paper.

"Well, well," says the president to himself, recalling the statement to mind. "Value of fixtures, etc., \$1.00. What better evidence of financial stability and progress—such things are straws which show the way the wind blows."

This is an example of a prime loan. Prime loans are necessarily good loans, but good loans are not necessarily prime loans.

We speak of one woman as plain, of another as good looking, and of another as beautiful. So we classify credit risks all the way from prime to hazardous. Commercial bank loans, however, comprise three classes: Prime, good and fair.

Doubtful and hazardous risks are eliminated from the discussion; banks have neither if they can help it. They cannot always help it, however. Why? We have had no better illustrations than during the period of post-war readjustment. The quality of many loans throughout the banking world underwent intermittent changes with the extreme fluctuating conditions of the markets. The turning point, however, has been passed and normal conditions in the extension of credits are now rapidly returning.

Next, a "Good Loan"

WHAT is a good loan, as distinguished from a prime loan? Let us see.

Enter Mr. Smith, of Smith-Jones Co., Inc. It is a satisfactory account, moral risk good. The bank has granted them a credit of \$200,000, of which they are using \$100,000. Mr. S. submits a new statement:

Quick Assets	\$1,000,000.00
Owe	600,000.00
Net Quick Assets	400,000.00
Plant	600,000.00

Mr. Smith: "We should like to borrow

\$100,000, which will make up our full line of \$200,000."

(Bankers who read this will recognize, in the following, the old stereotyped query.)

Mr. Bank Officer: "Well, Mr. Smith, how's business?"

Mr. S.: "Not very good."

Mr. B. O.: (Consulting credit card): "Your aggregate bank lines appear to be \$600,000. Is that sufficient?"

Mr. S.: "Yes. We can get along with \$500,000. We owe \$400,000 now."

Mr. B. O.: "Does the endorsement of yourself and Mr. Jones continue to carry an outside responsibility of \$200,000?"

Mr. S.: "Yes, sir. We are watching things carefully and are in good shape."

Mr. B. O.: "All right, Mr. Smith, we shall be glad to accommodate you."

Let us take a broad view of this subject. Our Federal Reserve System is founded upon commercial bank credit. It is superimposed upon the resources of thousands of commercial banks. Our Federal Reserve Bank note currency is secured in part by gold, and at least 100 per cent commercial paper representing commodities in the course of manufacture and distribution from producer to consumer. In other words, liquidity is the essence of commercial banking which furnishes the rich red blood of credit that vitalizes the whole financial and economic system.

It is regrettable that the business public does not always appreciate the difference between commercial and investment banking. The difference is well illustrated in the cases of many of our great commercial houses such as the big packers, for instance, who fund long-time obligations against their fixed assets through an investment house, the bonds being financed by the investing public, while for current requirements they borrow from their commercial banks on their short-term paper.

The Personal Equation

WE NOW come to the consideration of perhaps the most important factors in every transaction; namely, the personal equation. Any well-conducted bank will tell you that no credit is a proper bank credit in which the moral risk is in any way questionable. Put it down as a fundamental and essential condition that the commercial banking business of the United States is sound because it is founded upon the rock of the moral stability of our business men. The superstructure may consist of liquid assets, ability and industry, but the foundation is honesty. Therefore there is no real, fixed rule-of-thumb method to guide a bank officer in the extension of that bank's credit to a borrowing customer. There is an elasticity in the extension of credit by a bank that is determined very often by the personal equation as a factor in the risk. A bank is often disposed to be more liberal with one customer than with another, though all other elements in the risk may be equal, because of the greater confidence it feels in the ability and resourcefulness of the one as compared with the other.

All of which leads to the inevitable conclusion that each banking risk must stand on

its own merits and be judged, not by any set rule, but rather by the particular circumstances in each case.

Nothing tests the ability of a bank officer more than his decision of where to draw the border line between "Yes" and "No" in dealing with matters involving credit risks.

The principles that the modern bank man must give to his credit problems can only be acquired by long courses of intensive study and research. It is to be greatly hoped that, with the intelligent contacts that our Government is now maintaining with business through the Department of Commerce, courses in foreign and domestic credit will be given in our universities and colleges, since we cannot have too analytic minds to handle the business of the future. The days, when Stephen Girard could risk a \$750,000 shipment of tea during the 120 days which it took to reach Philadelphia from Canton, are gone forever. The modern merchant must be as analytic as the banker with whom he deposits.

Now, note the difference: back of the prime loan were financial reserves against anything short of chaos. In the other case, under long-continued depression or severe reverses, the loan might become a frozen credit. In short, the one loan is prime because it is good for 100 cents on the dollar at any time under any conceivable circumstances. The other, while its ultimate payment is reasonably secure, is neither as liquid nor as strongly buttressed by financial reserves.

Third, the "Fair Loan"

WHAT is a fair loan? Here again we have both a distinction and a difference.

Enter Mr. White, of White & Company, Wholesale Dry Goods. It is a pretty old account, balances moderate, borrowings continuous. This is the only bank account. Recent financial statement shows:

Quick Assets	\$100,000.00
Owe	60,000.00
Net Quick	\$ 40,000.00
Other Assets	10,000.00

The outside means of the partners is only nominal; owe bank \$35,000; progress nil; moral risk good; ability fair.

Mr. White: "We should like to borrow \$5,000."

Mr. Bank Officer: "Your inventory, \$60,000, is pretty high. What is the condition of your merchandise?"

Mr. W.: "About \$10,000 is old stock."

Mr. B. O.: "Your receivable total 25 per cent of your sales. How is that?"

Mr. W.: "Collections are slow, but you will see we have set up a reserve against doubtful accounts, and we are carrying credit insurance."

Mr. B. O.: "Why do you need this accommodation?"

Mr. W.: "Business is slow and we do not want to sacrifice our merchandise."

Mr. B. O.: "You have been using your bank line as capital. Your business has been standing still. We will grant you this \$5,000 as a temporary loan, but we must insist upon an audit of your books by certified public accountants, and in the meantime we shall

have one of our credit men call on you."

In this case, the situation is not reassuring. Why? Because no business can stand still very long; it must either go forward or backward. In cases of this kind it will usually be found that overhead is too large or the business is dying of dry rot, or both.

The foregoing illustrations are necessarily abridged. Most financial statements carry detailed information covering the financial and

operating status of the business, such as sales expenses, profits, insurance, contingent liability, etc. Moreover, the classification of quick and slow assets is an important matter. Sometimes it is exceedingly difficult to discriminate between the two.

Quick assets are naturally those which can be readily converted into cash. Bricks and mortar, machinery, etc., would not come within this category. Merchandise, accounts

receivable and marketable investments would.

"But," said one of our customers recently, "do you mean to say that you do not give us credit for our machinery?"

"Of course we do," I replied, "but machinery is not working capital. Your investment in plant and machinery should be balanced by a relative amount of working capital. If it is not, then what you need is more capital, not bank loans."

What Happened to Ingersoll

By SILAS BENT

ROBERT H. INGERSOLL didn't start out with a big idea. He started out with ten dollars, feeling that there was a place in the sun where a young man who was willing to work had a better chance to do something in life than on the mortgaged farm. The big idea came much later, and spread even to the uncivilized quarters of the globe; so that Theodore Roosevelt once told how, when he was exploring Lost River (since named for him), a native African chieftain greeted him through an interpreter with the words: "You come from the Land of the Dollar Watch."

More than seventy-five millions of watches had been sold by Mr. Ingersoll before a little idea wrecked the business, at least for the time being. It was a little idea about financing a great manufacturing and merchandising concern; and it plunged the man whose watch had "made the dollar famous" into the bankruptcy courts.

If you are to have a picture of this man, of his extraordinary success and his extraordinary failure, it is necessary to race through certain preliminary details. The kindness of a stock-raising kinsman enabled him to get free passage on a cattle train when he left his father's farm at Delta, Michigan, back in the late 70's; and his destination was the farm of another kinsman in Connecticut. But in a short while nearby New York beckoned him, and there, at the age of twenty, he set to work at this job and that, saving his pennies and nickels at a great rate against the time when he could go into business for himself. And then, when he had the huge capital accumulation of \$175, went to making and selling rubber stamps. Later on he sent for his brother Charles.

Presently the Ingersolls were making and selling dollar typewriters and dollar sewing machines and dollar cameras, patented pencils and keyrings and other novelties. They were pioneers in developing a mail-order business, and their catalogs ran into editions of millions. They were early in the chain-store field, and at one time had seven retail shops in New York City, devoted largely to bicycles and bicycle supplies. Robert Ingersoll, who traveled constantly about the country in the selling end of the business, gained a great fund of information about the public and what the public wanted. And the greater this fund grew, the greater was his dissatisfaction. He felt that toys and novelties were not enough. To endure, the Ingersoll concern must sell something necessary, something of universal appeal, something of actual service. That was the keynote—service! What was it to be?

In those days Robert Ingersoll lived in a Brooklyn boarding house, and on the dresser in his room rested a little "Bee" clock. It was this that ticked the big idea into his brain. Why not compress that cheap mecha-

nism into a size for the pocket? Why not make a cheap watch? A dollar watch?

Although the factory system was even then in vogue, although the railroad and the sewing machine and the steam engine and the threshing machine were commonplaces, and even the phonograph was in use, watches were still regarded as a luxury, owned chiefly by the well-to-do. And yet, when Mr. Ingersoll, bursting with the big idea, came to investigate it, he found that the Waterbury watch was already cheap—a \$3.50 watch, that is to say. It was, despite its simplicity, a fearful and wonderful mechanism. It boasted a nine-foot mainspring, and the whole works turned round inside the case, thus moving the hour hand. People spoke of the contraption with a smile, and minstrels jested about Waterbury, Conn., "the land of eternal spring." After a large sale as a novelty, the Waterbury venture was doomed to failure, despite refinancings and changes of management; but before that happened the Ingersolls, buying by the gross and then by the thousand, put the price at a dollar to test the mail-order market for such a commodity. This was not the watch with the eternal spring, which wound almost forever, but was a sturdy little pocket clock, wound and set from the back in accordance with the big idea Robert Ingersoll had got from his "Bee."

During the World's Fair in Chicago Ingersoll watches were sold with *Mayflower* and *Columbus* pictures on the back, and a national advertising campaign was begun. But the public was skeptical. It didn't believe that a reliable timekeeper could be made for a dollar. And to overcome that resistance the Ingersolls set up their famous guarantee, and lived up to it even though some of

the watches sent back to them had been immersed in beer or soaked in oil. And so it came to pass that millions of farm boys and millions of working men, clerks and school children came to carry Ingersolls.

Many said the market would soon be saturated. Others had said this when Eli Terry, the first American clockmaker, began turning out his wooden timepieces by the hundred early in the last century. "You are ruining your business," his friends told him; "the country will soon be so full of clocks there will be no market for them." It was so in 1850, when an employe of the Howard factory in Roxbury boasted that he was working for a company which made seven complete watches in a single day. "Where on earth could you sell seven watches a day?" his derisive neighbors asked. And four years later, when Aaron L. Dennison of Boston forecast that he would eventually make as many as fifty watches a day, he was listed as insane by his acquaintances.

And Demand Still Kept Ahead

THE time came when the Ingersolls, in factories which they owned at Waterbury and at Trenton, N. J., were making 20,000 watches a day, and still the demand was not appeased. Thousands of automatic machines reduced costs to a minimum, turning out the 150 parts of the complete watch with incredible rapidity. It has been said that Henry Ford got his idea of quantity production from this source, and it is a certainty that he took to watchmaking and repairing before he took to automobile building. Robert Ingersoll, at any rate, preceded him in quantity production and at a selling price so low as to cause a sensation in its day. He established a branch in London, and sold his product throughout the world.

"But the miracle market," he told me not long since, "is right here in the United States. It is like an enormous sponge that never gets enough. If the price is right and the commodity is needed, it seems to me that too great a quantity can hardly be produced for consumption right here at home."

The Ingersolls did not confine themselves rigidly to dollar watches. At the Trenton factory they made a seven-jeweled watch, called the *Reliance*, which sold at \$7.50. Six years ago, when they bought the Waterbury factory, they continued making the watch under the same name and sold it at prices ranging from \$3 to \$5.50. Theirs was typically an American enterprise. Among the trade names the Ingersoll watches have borne are *Jumbo*, *Triumph*, *Columbus*, *Eclipse*, *Liberty*, *Climax*, *Champion*, *Radio-lite*, and *Yankee*; but more have been put out under the name *Yankee* than under any other. By actual test at a New York department store, it was found that 93 per cent of the inquirers for cheap watches asked

The One Big Mistake

WE CAN understand how the little fellow—ignorant and careless in his methods—fails when a slump hits him. But what false step leads to bankruptcy a concern whose product is in world-wide demand, which has every advantage of quantity production and scientific management?

Such a failure was that of the company that made and sold the famous Ingersoll watch. Mr. Ingersoll tells here of the mistake that brought his concern into the bankruptcy courts. The story may contain an idea for other executives.

THE EDITOR

for an Ingersoll. They might buy another watch but in their minds the kind of watch they wanted was inseparably connected with a certain firm's name. Probably no other industry in the world has ever built for itself a more secure foundation in public thought. Mr. Ingersoll believes that the association of Eastman with the word Kodak is the nearest approach.

When the United States entered the World War, the firm of Robert H. Ingersoll and Brother was at the flood tide of its prosperity. Even newsboys wore Ingersoll wrist watches. In this country and throughout the world there was an enormous sale and an enormous demand for the commodity. Then clouds began to gather. In the emergency of conflict the War Industries Board declared the product non-essential. It was imperative that the Ingersolls continue to produce their widely advertised watches. To do this they must compete with such high-priced concerns as the Waltham and Elgin for labor in a disorganized war market.

This meant inevitably an increase in the cost of their watch but they were extremely reluctant to take the step. In time the Yankee dollar watch sold at \$1.30, then \$2.50, and while their costs of production were still at the peak, there came in the latter part of 1919 the period of deflation and the "buyer's strike." The public demanded lower prices. The Ingersolls, with costs of production still abnormal, put forth every effort to meet this new selling resistance, not without some success.

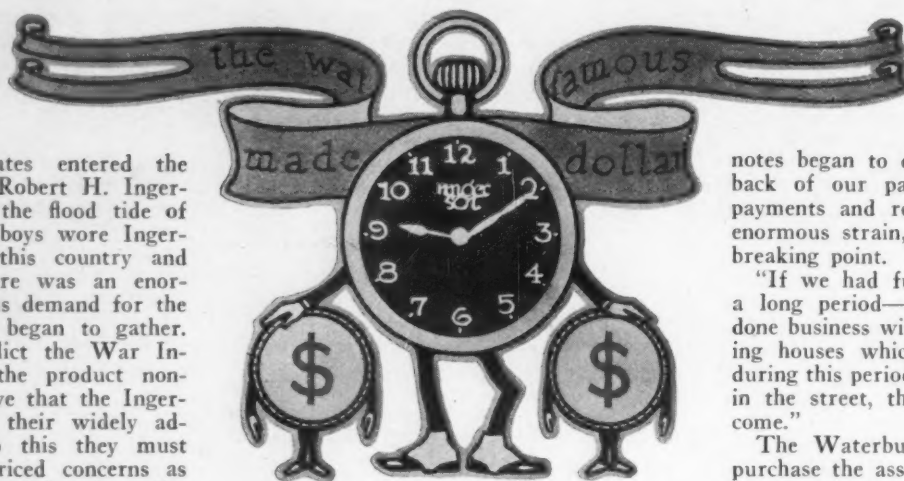
For thirty years this remarkable business has been conducted practically upon a cash

basis. As Mr. Ingersoll says, "We paid every Saturday night in full. This necessitated a large working capital to carry the watch from its production to its selling; and during the last decade it had been our custom to

tory. We had outstanding \$2,500,000 in notes, which we had to meet with cash periodically. It was not a question of renewing this paper, as would have been the case had we obtained accommodation through large banking houses. Every time our paper fell due, it was necessary for us to meet it with cash. Meanwhile the raw and manufactured material offsetting our notes began to decline in price. The assets back of our paper shrank. The repeated payments and reissues of notes involved an enormous strain, and finally we reached the breaking point.

"If we had funded our indebtedness over a long period—in other words, if we had done business with the big banks or big banking houses which would have stood by us during this period, instead of selling our paper in the street, the failure would never have come."

The Waterbury Company has offered to purchase the assets of Ingersoll and Brother for \$1,500,000 cash. As this is written, Mr. Ingersoll is endeavoring to reorganize and refinance the business. Upon his success in that direction depends, probably, the question whether he is to come through this storm bereft of his fortune or with a chance to renew it. A slim, gray-haired, gray-bearded man, he sits amid the shards of his hope and ambition in a small, plainly furnished office, meditating the fate of a big idea in collision with a little idea—the victim of a fate which came into play merely because of a fundamental error in financing an enterprise conceived and operated with every evidence of typical American ingenuity.



finance the business chiefly with short-time notes put out through brokers.

"The credit of the company was so good that our notes were in demand by banks. We had experienced a consistent growth and we had never experienced any financial trouble, we had never defaulted on a note or an account. We had no merchandising debts—all we owed was in bank credits; and our assets stood at the figure of two to one against our liabilities.

"But in the period of extreme distress, which accompanied the post-war deflation, we went in deeper than ever before in our his-

A Business Man Ambassador

By JAMES B. MORROW

AN EPISODE with the savor of old America—of a disappearing America that endures only here and there:

Having been appointed Ambassador to Germany and confirmed by the Senate, and having resigned from Congress, where he was in his second term, Alanson B. Houghton returned to his home in Corning, N. Y., to settle some matters of business. All this, it should be understood, only recently.

In his office, at his desk, Mr. Houghton was surprised to hear four or five quickly succeeding blasts of his factory's whistle. It was 11.45 o'clock in the morning. Looking up from his papers, he saw two workmen at the door. They were smiling but seemed to be embarrassed. "We don't know exactly what to call you," one of them said (whether "Mr. Ambassador" or something else).

Using his own expression to the writer, Mr. Houghton had "grown up" with these men; and so he replied: "Call me Alan, just as you have since we were boys."

The men led Mr. Houghton down stairs. Two thousand other men were assembled there—all of them employees of the factory—and a brass band was playing. Well, Mr. Houghton was presented, where he stood on a truck, with an American flag and an album in which were the signatures of all the contributors (ten cents each) to the fund that had purchased the flag.

It was a great event in the life of Mr. Houghton—appointed by the President, con-

firmed by the Senate of the United States and now sent about his public business across the seas with the cheers of his workmen ringing in his ears and the Stars and Stripes, their gift, over his head.

Also this ought to be said, to show that the factory (in itself a fine testimonial) is not the boundary for the respect in which Mr. Houghton is held: The Thirty-seventh Congressional District of New York swings back and forth between the parties. At one biennial election a Republican is chosen to serve in the House of Representatives; at another, a Democrat. Mr. Houghton's plurality four years ago was 16,000 votes; two years ago it was 30,000 votes! Here, then, is a man worth writing about and worth reading about—not for one reason, but for several of them; reasons personal, political, industrial and economical.

And diplomatical. Germany is sending Dr. Otto Ludwig Weidfeldt as its ambassador to the United States. He is an able and experienced economist; so is Mr. Houghton. He is a financial expert; so is Mr. Houghton. He is an eminent and successful manufacturer; so is Mr. Houghton. He speaks English; Mr. Houghton speaks German. Talent by talent and achievement by achievement, they match each other.

Washington and Berlin! The two capitals on which, more than any others, at this juncture, depend the welfare of mankind. If Germany falls, Europe falls. And if

Europe falls, there will be idleness and all of its evils and sufferings in the United States; and calamities which cannot be foretold.

For three generations the Houghtons have been makers of glass. They now make electric-light bulbs and tubing, railway signals, ship signals, chemical ware, clinical ware, thermometer tubes, artistic glass and pyrex, of which utensils are manufactured that women can put in ovens and on stoves.

In its specialties, the Corning Glass Works, with factories at Corning, N. Y.; Wellsboro, Pa., and Kingsport, Tenn., probably leads the world; normally, 4,000 persons are employed. Its laboratories, for research and experimentation, are easily the greatest in this country or in Europe; and in them, now, as for years, engineers and chemists are constantly employed to improve the products of furnaces and kilns.

The original Houghton glass factory was located at Cambridge, Mass., where, fifty-eight years ago, the ambassador was born. It was moved to Brooklyn and later to Corning. Alanson B. (B. for Bigelow, the maiden name of his mother) meant to be an author. At Harvard, where he was graduated, 1886, A. B., with honors, he was a writer on the Harvard monthly and on the *Crimson* and a member of the chief literary society. In the meanwhile he had become attracted to economics, and particularly to the study of socialism.

He went to Europe better to prepare himself as a writer on his favorite subject, and there attended lectures at Gottingen, Berlin and Paris. During vacations, he traveled in Russia and other continental countries. He understood but two words of the first lecture in German that he heard. Before he left Germany he could think and even dream in that language.

On his return to the United States, after an absence of three years, he found his father in poor health. His family agreed that it was his duty to be a glassmaker, instead of a student of economics. "I entered the office of the works as a clerk at \$1.25 a day," he said. He was twenty-six years old. At the age of forty, he was elected second vice-president of the company and placed in charge of its sales. His father, Amory, Jr., was still at the head of the establishment. "What did you learn about the selling of goods?" he was asked.

"That is not difficult," he answered, "if a salesman thoroughly understands his business and has the best article for a particular use. When that happens, competition is practically over. Green glass is employed by railroads for signalling. There are many shades of that color. It used to be that green glass was just green glass. Sales then depended largely on the man who offered the glass. We reversed that order in our laboratories by shifting the burden from the man to the product.

"When we could say that we had increased the sight-distance of green glass from half a mile to three miles, our green glass almost sold itself. It is the same with everything that is placed on the market. 'Here is something that will meet your requirement,' for any purpose, or all purposes, is too general to be effective, and too good to be true. 'Here is the one particular article for your special need,' sounds better and more convincing, and either is or is not a fact. In a test lies the truth; and no matter how the test turns out, argument thereafter is hardly necessary.

"Buyers are always seeking information," Mr. Houghton continued. "They are not influenced, and never were, in my opinion, by free dinners, the latest stories, humorous or salacious, or tours of adventure in hacks or automobiles after the theater or roof garden. The persuasive salesman, nine parts personality and one part goods, has given way to the salesman who is nine parts goods and one part personality; but, as I have said, he must have the right kind of goods and know all about them. If one is selling shoes, for example, one should have a working knowledge of the tanning business, of hides and leathers, and their history, and the processes through which leather passes into footwear. Salesmanship now has a dignity that it never possessed in the past."

In 1910, Mr. Houghton was elected president of his company; he had managed its sales for seven years; had taken an active part in the work and development of its laboratories and had applied his trained intelligence and theoretical knowledge, undividedly, to the business of glass making. At the end of eight years, he resigned the presidency to enter Congress. Since then he has been chairman of the board. Also he is one of the owners of a West Virginia coal and coke company and a director of a

large life insurance corporation. He is a member of the Episcopal Church and a trustee of Hobart and St. Stephen's colleges.

There are questions of the highest importance, Mr. Houghton thinks, which the people, concerned about their own matters, their bread and butter and so on, either have neglected or entirely overlooked; as, for instance, the gradual transformation of the United States into a manufacturing country which, in time, may possibly import some of the staple foods it consumes.

"Do you know," he asked, "that only 26 3-10 per cent of our inhabitants engaged in gainful pursuits are producers of food and other agricultural products and that 31 per cent are employed in manufacturing industries? Every American should take these figures into his mind and think about them.

"Again, do you know that the yearly value of the products of American farms is but twenty-two and one-half billion dollars, while the yearly value of our manufactured products is sixty-two and one-half billion dollars?

We are rapidly approaching the day when we shall consume all of the food that we produce. No farm product, possibly, except cotton, will be sold abroad. In the meantime what else will have happened? We shall discover that our manufactures have grown in volume by leaps and bounds and that we must increase our exports by several billion dollars.

Where to Sell the Surplus

EVEN today it is necessary for us to sell about a billion dollars' worth of our manufactures abroad—which is the amount of the normal surplus left after supplying our own needs. The surplus will grow, as the 31 per cent of our people engaged in manufacturing increases and the 26 3-10 per cent in farming decreases.

"What, then, should be the objective of our business men, law-makers and diplomats? Larger markets for our manufactured products. Where will those markets be found? Mainly, in Europe, in a restored Europe, in a Europe having its own business and currency on a solid basis and its own people employed so that they will earn the money with which to buy of us.

"If Europe is not prosperous, it is obvious that we cannot be prosperous. Unemployment in Europe means unemployment in the United States. We can no longer shut ourselves away from the rest of the world and say: 'America is sufficient unto itself.' It would be, of course, if it produced no more than enough of everything for its own use. But, as I have, shown, we are facing a surplus; and the surplus will increase from year to year, once the world has come back to its equilibrium; and our men of business, our statesmen and our diplomats must find the means for the selling of the surplus in foreign markets.

"There is still another matter that our people should carefully consider," Mr. Houghton went on to say. "Let us look at the year 1800 and then at the year 1922. In 1800 our popula-

tion was five million; now it is one hundred and ten million. England's population in 1800 was fourteen or fifteen million; it is now, excluding Ireland and the Great Dominions, forty-three million. France has grown from eighteen million inhabitants to forty million, and the German States from, say, twenty-three million to seventy-five million.

"The totals, then, of the four nations are, sixty-one million inhabitants in 1800, and two hundred and sixty-eight million in 1922; an increase of more than fourfold in (and right here is the emphasis) the very same area.

"Marvelous changes have occurred. They have been brought about by modern methods of transportation, the invention of labor-saving machinery and the increase and combination of capital. Men, we know, do not work any harder now than they did in the year 1800; nor any longer for a day's pay. But they live infinitely more comfortably. They have better houses and furniture; better schools, streets and roads. They have conveniences, comforts and luxuries undreamed of a hundred and twenty-two years ago.

"All of these refinements of life, all of these enrichments of life, have come through, as I have pointed out, the increase and co-operation of capital, the invention of labor-saving machinery and transportation. Farmers, wage-earners and business men will serve themselves and their country by thoughtfully contrasting the state of the people now, with the state of the people in 1800. Humanity is moving to higher levels, with the rush of the years.

"Furthermore, we, in this country, should do more sane thinking—intelligent and coherent thinking. We ought to see, with the facts of history before our eyes, a little way, at least, into the future. Already, we are a great manufacturing nation; we shall be a much greater manufacturing nation ten years hence, needing ever-widening outlets for our mills, factories and furnaces.

During Mr. Houghton's early service in Congress he was a member of the Committee on Foreign Relations. Afterward, he was transferred to the Committee on Ways and Means. Here is his position on the question of protection: "If protection given to any article

is for the benefit of the whole country, I favor it; if it is only for the benefit of an individual, I oppose it."



Our New Ambassador to Berlin

© Harris & Ewing

Longer Credits for the Farmer

By EUGENE MEYER, JR.

Managing Director, War Finance Corporation

WHEN THE collapse in the prices of agricultural commodities took place in 1920, it delivered a body-blow to many a country bank and many a farming community dependent upon it for the funds necessary to maintain economic life.

Instances of this nature could be cited by the hundreds. One or two examples, however, will serve to show in a concrete way what the difficulties were and how the War Finance Corporation was able to reach the weak spots in the situation and supply the necessary strength—in the form of actual cash and of that intangible, but no less important element, confidence.

In one community in the Wheat Belt, there were four banks serving the farmers in a territory of about 25 miles around a town of 5,000 people. The community had been built up chiefly by homesteaders, who moved in from adjoining states. These people had little money but a tremendous fund of integrity, perseverance and reliability. They were there to stay and to make homes for themselves and their families. They were willing to work, the land was good, and all they needed were funds and moisture, for the climate is of the semi-arid type.

Fortune smiled upon them for a number of years. The seasons were good. Crops of wheat, rye, flax, and the like, were produced and sold at a profit. The town became a market center, with wheat and other grains flowing out and lumber and equipment of various kinds flowing in. A National Bank and a large State Bank were established there, besides two smaller banking institutions. The business of all these was dependent upon agriculture, and, in turn, the farmers were dependent on them for current working capital.

And Then—Trouble

THEN came a year when insufficient moisture interrupted the growing prosperity of the community. The next year the story was repeated. And so it went for about five years. Each year the problems of the farmers were a little more difficult, but they stuck to their guns and held their own fairly well until, on top of the bad crop conditions, came the market collapse of 1920.

The struggle finally became too severe for two of the banks. One was absorbed and another went to the wall, leaving the community dependent entirely upon the National Bank and the large State Bank.

The failure of the third bank caused a considerable strain on the two that remained. Confidence was shaken and there was a material falling off in deposits. Although crops last year were above the average, the slump in the prices of grain and livestock left the farmers only enough to pay current expenses and practically nothing to pay off their old notes. The aggregate of these notes had been steadily growing. Both of the remaining banks had loaned so much that they were in a critical condition. In December, 1920, the State Bank had almost reached the end of its rope. It had loaned all its available funds and, in addition, had borrowed seven times the amount of its capital and surplus in order to take care of the needs of its farmer customers. The National Bank also was in an overextended condition.

The only thing that stood between the farmers in this community and disaster was the ability of these two banks to carry them until there should be a turn in the tide. The closing of one would almost certainly have meant the closing of the other. In the case of the State Bank, more than half of the farmers' notes were past due. Had it been compelled to close, the natural consequence would have been forced liquidation, the selling out of scores of industrious farmers, and a tremendous set-back to the whole community. And if both banks had failed, the farmers not only would have suffered the distress of forced liquidation but they would have been left without any banking facilities whatever. The productive capacity of the community would have been largely destroyed and business would have come to a standstill.

The creditors of the State Bank, showing their confidence in the community and in its ability to weather the storm, loaned the bank more than \$100,000. With this additional money the bank would have been able to pull through but for the continued fall in the prices of farm commodities. Many of the farmers had wheat, oats, rye, other grains and livestock in considerable quantities, but the prevailing prices were too low to cover even the cost of production, to say nothing of paying off indebtedness. To make things worse, the deposits of the banks were steadily shrinking.

This was in November, 1921. It was during this month that the machinery developed by the War Finance Corporation under the Agricultural Credits Act got into full working order all over the United States. If these banks were to continue functioning, and their farmer customers were to be protected from forced liquidation at a time when such a process would injure them most, some way had to be found for rediscounting a portion of their farm paper. A way out of the difficulty was found through the War Finance Corporation.

Both banks applied for loans. The State Bank was granted a loan of \$100,000 and the National Bank \$75,000. Other loans followed; and, altogether, this one farming community was granted loans by the Corporation amounting to \$350,000. It is believed that as a result of these advances, the two banks are largely over their troubles, and that with anything like an average crop and average prices for farm products this summer and fall, the community will again be on its feet. Whereas six months ago the situation looked desperate and the farmers and stockmen were depressed and discouraged; today, with the prospect for better moisture conditions, with the outlook for a profitable crop better than it has been for a long time, and with the oppressive influence of a threatened financial breakdown removed, the bankers, business men, farmers and stockmen have recovered their cheerfulness and are going ahead with their business.

Each community has its own peculiar problems, and the complicating elements in the situation may be quite different in different places. No one example, or even series of examples, can be said to be typical in a large sense. There are, however, elements which are present in every situation and which, other things being equal, determine the na-

ture and direction of the economic outlook—whether backward or forward, pessimistic or optimistic. The economic life of a community, for instance, may be guided by fear or by confidence; and a change from one to the other means a change in the trend of the whole economic situation.

The loans made by the War Finance Corporation to banks in the agricultural districts have been a vital factor in restoring confidence. They have prevented disastrous situations from developing in many communities where a number of banks found themselves in a difficult position due to loans which, though good, were, nevertheless, slow and temporarily uncollectable, and where those banks were faced with the necessity of meeting the demands of depositors. If the weaker banks in these communities had not been reinforced by the Corporation's rediscount facilities, the stronger banks would not have been as willing as they have been to do their part in the situation. The assistance given by the Corporation has encouraged them to function in a more normal way throughout the agricultural territory.

An Aid to Marketing

THE advances authorized by the War Finance Corporation have been an important factor also in stimulating the banks to do their part in financing the orderly marketing of agricultural products through cooperative marketing associations. Recently, a cooperative marketing association needed funds to finance the orderly marketing of the crop of its members. It applied to the banks for aid in carrying on the work of pooling, grading, assorting and marketing. The association had all the tangible factors necessary to success; it was organized on a sound basis and had the necessary machinery to handle the grading and marketing. But the banks hesitated; the fear which had oppressed the agricultural districts since the collapse in prices of 1920 was still in the air. So the association turned to the War Finance Corporation. Its application for a loan was approved by the Board of Directors and a credit placed at the disposal of the association, to be drawn upon as needed. This action of the Corporation supplied the one needed element in the whole situation. Two days later, representatives of 132 local banks held a meeting and agreed to provide over \$4,000,000. This was sufficient for the first needs of the association. So the War Finance Corporation's contribution in the beginning was not funds; it was that intangible but absolutely essential element in business—confidence.

Though the Corporation has entered into agreements to lend approximately \$63,000,000 to cooperative marketing associations in all parts of the country, in most cases only a small portion of the credit authorized has actually been used. This indicates that when these associations are properly organized and soundly managed, they are able, for the most part, to obtain the necessary funds from local banking sources. But it is generally agreed that their ability to do so has been based largely on the fact that they could, if necessary, obtain funds from the Corporation. It is obviously easier for a local bank to furnish funds to a cooperative

marketing association when it knows that the funds can be borrowed from another source and repaid to the bank in case of need.

In California, the first state to take up cooperative marketing on a large scale in this country, the associations, for the most part, are so well established that their banking credit is equal to that of the best privately owned and managed corporations. Although they market products aggregating in value \$250,000,000 annually, they have had occasion to avail themselves of the funds of the War Finance Corporation to the extent of only \$1,500,000. The more recently organized cooperative marketing associations in Oklahoma, Mississippi, Arkansas, Texas, Arizona and the northwestern states, while not so firmly established as those in California, appear to be organized upon sound principles and to be properly and capably managed.

The cooperative movement has now developed to a point where the right of the cooperative marketing associations to carry the products of their members for orderly marketing, until the consumer is ready to take them, must be recognized and the necessary financing machinery provided. Existing banking laws and regulations should be adjusted with this end in view, and a rediscounting facility established to make it possible at all times for such organizations to obtain adequate funds for their operations.

One great trouble with the financial system of this country is that it is based on European conceptions of what constitutes soundness in banking—conceptions which

have grown up in countries whose business is chiefly industry and commerce

rather than agriculture. The financial machinery of Europe is based on a sixty or ninety-day banking facility. This is exactly what is needed to finance imports of foodstuffs and raw materials, the manufacture of raw materials into finished goods, and the export of manufactured goods. But the basic business of America is the production and distribution of agricultural commodities, and sixty or ninety-day financing does not adequately meet the needs of the producer.

The collapse in agriculture, and in the banking situation in the agricultural districts, was partially due to an attempt to collect loans on farm commodities within too short a period. The inevitable result was to force on the market an abnormally large volume of products in an unusually short period of time. The arbitrary application of principles which are not adapted to American Agricultural activities produced a breakdown in the machinery. Our great staple crops and livestock are neither produced nor consumed in ninety days, and we should not expect to market them in ninety days.

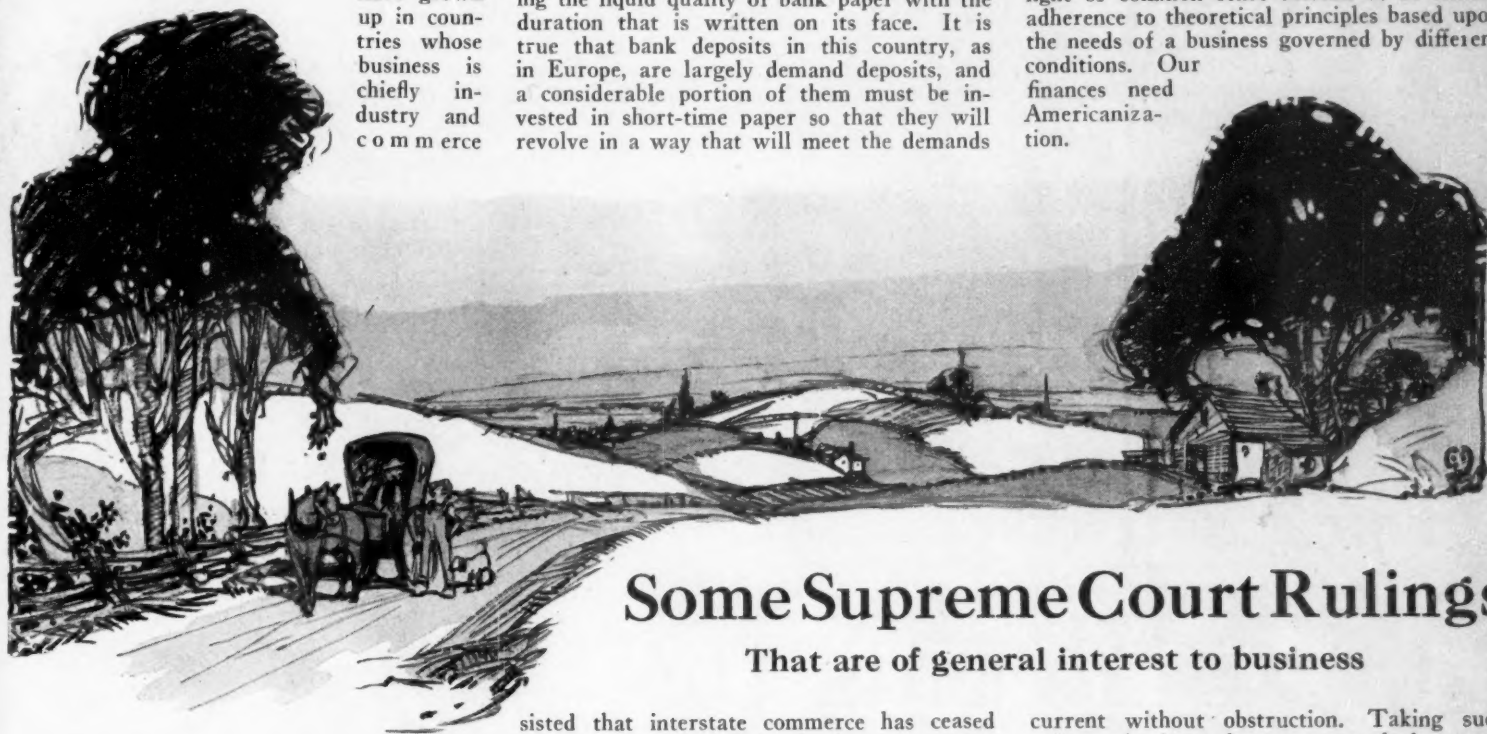
The need for longer term financing for our agricultural turn-over is partially recognized by the Federal Reserve System, in that provision is made for rediscounting agricultural paper for six months. But our financial system as a whole does not adequately recognize the necessity of synchronizing agricultural financing with the natural processes of production and consumption.

In importing European banking conceptions, we have made the mistake of identifying the liquid quality of bank paper with the duration that is written on its face. It is true that bank deposits in this country, as in Europe, are largely demand deposits, and a considerable portion of them must be invested in short-time paper so that they will revolve in a way that will meet the demands

of the depositors. It is time, however, to draw a sharp distinction between short-time bank paper and the question of the liquidity of the security that underlies bank paper, long or short. The six and nine-month loans on wheat and cotton, made by the War Finance Corporation to cooperative marketing organizations, are as liquid, from the point of view of the security, as ninety-day paper representing advances to merchants and manufacturers. Long-time paper may be more liquid as to security than short-time paper. It may not be as well adapted as an investment for all of a bank's funds, representing deposits payable on demand; but the experience of the War Finance Corporation demonstrates that, when adequate financing for a suitable period is provided, staple agricultural commodities are liquidated in an orderly way, and that, in fact, the liquid quality of the security is enhanced by a more gradual marketing process. The self-liquidating quality of paper depends upon the orderly marketing of the commodities underlying it far more than upon the duration written on its face.

During the past year it was clearly shown that commercial paper depends for its liquidity on the orderly buying of the manufactured goods, and that this orderly buying, in turn, depends largely upon a purchasing power based upon the orderly marketing of our basic agricultural products.

We need to develop a fresh outlook. We need to revise our financial conceptions. And we need to do it in the freedom and in the light of common sense instead of in slavish adherence to theoretical principles based upon the needs of a business governed by different conditions. Our finances need Americanization.



Some Supreme Court Rulings

That are of general interest to business

THE PACKERS AND STOCKYARDS ACT has now been before the Supreme Court, so far as it relates to the commission merchants to whom livestock is consigned and by whom it is sold at stockyards. With the case of the commission men there was united a case instituted by yard traders, whose business it is to buy and sell livestock at the yards on their own account.

The contention in these cases was that the commission men and the traders are not engaged in interstate commerce and consequently cannot be made subject to regulation by Congress. The commission men said that their business is merely assisting the owner of livestock to find a market. The traders in-

sisted that interstate commerce has ceased before they make their purchases.

On May 1 the Supreme Court handed down its decision. It held that the commission men and the traders in livestock at the yards where cattle and hogs are marketed in large numbers may have practices and may cause obstructions which may affect interstate commerce prejudicially, and consequently Congress had power to enact the legislation of last August. The stockyards the court described as the throat through which a current of interstate commerce passes, and transactions at the yards are only incident to this current. The transactions of the commission men and of the traders contribute toward the movement onward and are in fact essential to the flow of the

current without obstruction. Taking such points of view, the court reached a conclusion in which all but two of the justices united.

Meanwhile, all of the proceedings begun by the Secretary of Agriculture under the provisions of the law had related more to marketing livestock than to the packing industry. In these proceedings the Secretary follows much the same form as the Federal Trade Commission, issuing a formal complaint, holding hearings, and then either dismissing the complaint or entering an order.

The first case was caused by complaint from the Kansas City Live Stock Exchange, alleging that there was violation of the new law in arrangements some packers were alleged to have made for obtaining direct

shipments of livestock. The second case alleged a boycott against cooperative commission houses operated by livestock producers. In the third case, the "order buyers" are required to show that their new charge of ten dollars a car for their services in buying hogs on orders from the east is reasonable.

On April 17 the Secretary of Agriculture issued his first final order. It was in the second case mentioned above. Everybody concerned had got together over the situation out of which a boycott was said to have arisen, the by-laws of the livestock exchange were amended to avoid difficulties in the future, and the result was incorporated in a formal order that there might be a record as a basis of proceedings in the event the settlement was later disregarded.

The importance of the commission men to the livestock industry has been set out by the National Livestock Exchange in a statement submitted to the Congressional Joint Commission of Agricultural Inquiry. According to this statement, the perfection of the open competition system of livestock marketing has followed from the efforts of the livestock commission men. The livestock exchanges, formed by the commission men, have cleared the channels of intercourse in the markets of abuses which were detrimental to the interests of livestock producers. To indicate that the charges made by the commission are reasonable, this statement presents a composite of the business of the greater part of the commission firms acting on eleven of the chief livestock markets. This composite statement shows that livestock to the value of a billion and a half dollars were handled for a gross commission of ten million dollars, or 65/100 of one per cent. The average commission per car was \$16.22. The disposition of this average commission is shown by the statement, down to a net revenue of 69/1000 of 1 per cent of the value of the property handled.

The Shoe Machinery Decision

THE CLAYTON ACT in its section about tying clauses goes beyond the Sherman Act, the Supreme Court held on two successive Mondays. Its decision of April 10 was outlined in the last number of *THE NATION'S BUSINESS*. On April 17 the court emphasized the point of view it had earlier taken.

This second case made especially clear the distinction between the Sherman Act and the Clayton law; for a proceeding under the Sherman Act and involving the same contracts had in the spring of 1918 resulted in the Su-

preme Court holding that there was no violation of the Sherman Act. In the new case, which was begun the year after the Clayton Act became law, the court said the question was not the same as in the earlier case, for the tests of legality in the Clayton Act differ from those in the Sherman Act.

In the cases of 1918 and of 1922 there were involved leases under which the United Shoe Machinery Company gives manufacturers the right to use its patented machines. The questions would seem to have been purely matters of law, for the court agreed that the company did not act oppressively in enforcing forfeiture clauses, that it furnished machines of excellent quality, and rendered valuable services of installation, training operatives and supplying repairs, and that there was much testimony going to show that manufacturers acquired the company's machinery by reason of its excellence and efficiency. The issue was, therefore, whether or not clauses of certain kinds are lawful under that part of the Clayton Act which makes it unlawful for anyone engaged in interstate commerce to lease machinery, whether patented or unpatented, for use within the United States on the condition that the lessee shall not use the machinery, etc., of a competitor of the lessor, where the effect "may be to substantially lessen competition or tend to create a monopoly in any line of commerce."

The clauses under consideration limited some of the company's machines to use on shoes with respect to which certain other operations had been performed by other machines of the company, provided that all additional machinery of some kinds would be obtained from the company, etc. Penalties which could be used to enforce some of these clauses included cancellation of the lease and the deprivation of the manufacturer of the company's machines. The cancellation could extend not only to the machine to which the lease which was violated attached but to all other machines the manufacturer might have from the company.

The lower court held, and was supported by the Supreme Court, that such a provision went too far. The company might have a right to cancel a lease, because of violation of its terms, but it could not, without violating the Clayton Act, reserve a right to cancel one lease because the manufacturer had violated the terms of some other lease. There was as much objection under the Clayton law to this kind of situation as if leases contained specific agreements not to use the machinery of competitors.

Incidentally, the court passed upon a number of other questions. It said that the

patent right confers no privilege to make contracts which are in themselves unlawful, and certainly not to make contracts which are directly violative of valid statutes of the United States. Consequently, there was not an unconstitutional limitation in the Clayton Act upon the rights secured to a patentee. To the contention that the leases were not made in the course of interstate commerce, and therefore were not within the purview of the Clayton law, the court responded that it agreed the mere making of a lease is not of itself interstate commerce but that where, connected with the making of the lease, there was required a movement of goods in interstate commerce, Congress had authority to legislate.

When the Clayton Act was passed, some of the advocates of more extreme legislation announced pessimistically that the teeth of the bill as first drafted had been drawn by Congress. The Supreme Court, however, seems to have no difficulty in finding teeth in the law. Its attitude has been that the anti-trust legislation of 1914 made some substantial additions to our earlier statutes. Having dealt in two successive weeks with tying clauses under section 3 of the Clayton Act, it may in due course, by reason of the *Mennen* case originating in the Federal Trade Commission and mentioned in the last number of *THE NATION'S BUSINESS*, deal with discriminations in prices under section 2 and have something to say about the economic services rendered by wholesalers and jobbers. There are accordingly possibilities of sustained interest in the Clayton Act over the next year or two.

Fleet Corporation Suits

CLAIMS against the Emergency Fleet Corporation are not claims against the United States Government was the decision of the Supreme Court on May 1. This means that claimants may bring suit as against any other corporation and are not compelled to go to the Court of Claims. Having succeeded in other courts, however, claimants may have to wait for Congress to make appropriations before they can get any money awarded them in judgments.

On the point about the Fleet Corporation being sued like other corporations, instead of being treated like the Government, the Chief Justice and two other members of the court disagreed with the majority. All of the justices agreed, however, that when concerns with which the Fleet Corporation has dealt go bankrupt the Fleet Corporation is to be treated like any other creditor and is not to have preferences.

Buncoing the Banker

By SAMUEL HOPKINS ADAMS

BANKS ARE supposed to be canny institutions. To their clients they frequently offer shrewd and serviceable warnings against wildcat, blue-sky and other crooked devices, thus undoubtedly saving millions of dollars yearly to the public. Meantime they are themselves the prey of a class of swindlers who specialize in the bilking of financial institutions.

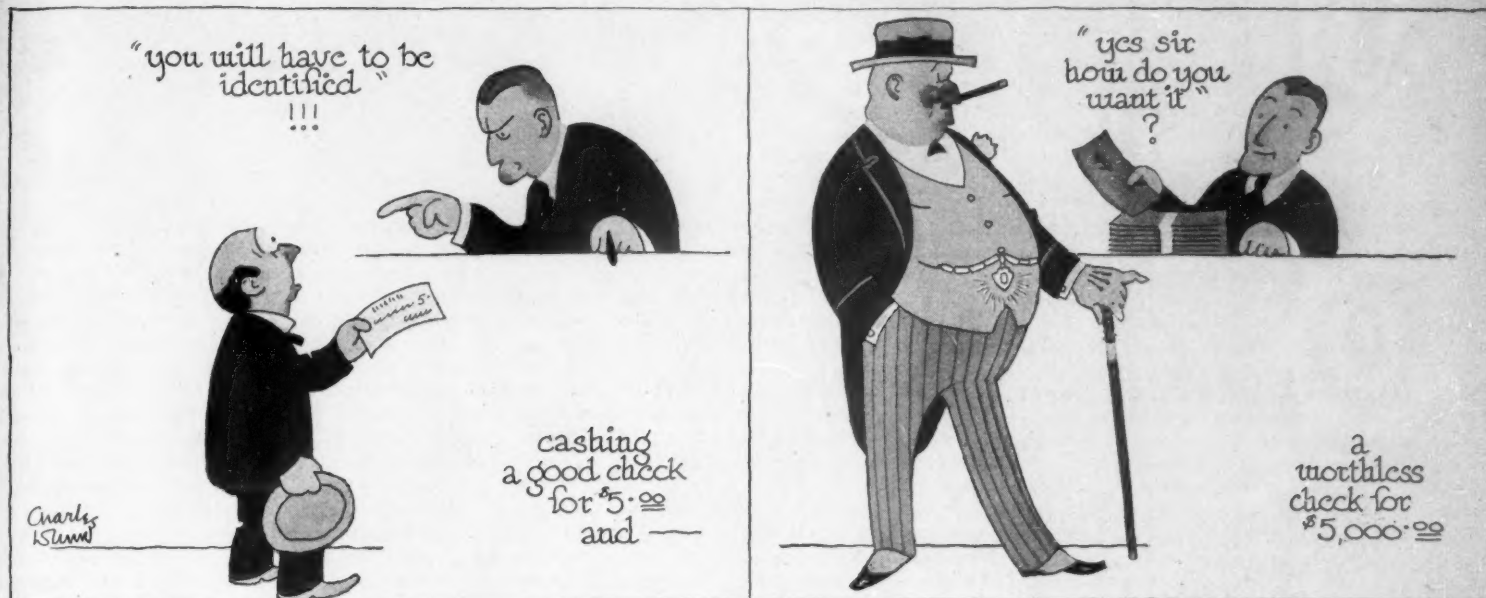
Age does not wither nor custom stale the infinite variety of the old, old theme which the hypnotic bunco man successfully works upon the trustful bank official behind the little wired window supposed to guard the

cash. One experienced and beguiling operator did a business of several hundred dollars monthly all over the country and practically without variation of his sweet and simple method for around eleven years before the William J. Burns Detective Agency, which acts for the American Bankers' Association, in desperation over the failure of bank officials to heed former warnings, got out a blazing red circular which finally did the business and landed the man of several score profitable aliases in jail.

It is from the Burns Agency records that I have made up the career of the imaginary

bank specialist whose activities are set forth below. Although the personality is fictional, or, rather, composite, every detail of the schemes described is actual, is fully recorded in the Burns archives or in government documents, and the total represents hundreds of thousands of dollars cost to the financial institutions of the country and will doubtless run into hundreds of thousands more before they attain to a condition of self-protective caution.

"It never could happen in this bank," confidently asserts the average official. Maybe not. But to err is human. And even in



Can you explain why this is so?

business hours the most careful teller or cashier retains some of the amiable weaknesses of the genus homo.

Suppose we start our crook, whom we will call Cyrus Slickley, without capital other than a native shrewdness, a smooth address and a flair for extra-professional banking operations. He begins his career by "hall-boxing." This is a small-caliber pursuit, practicable only in a large city and involving rather more risk than the higher phases of the art.

Cyrus goes into the wholesale district just after the first rounds of the postman and before the arrival of the business men. Keeping a wary eye out for interruptions, he rifles the letter boxes in the hallway, scurries into seclusion with his epistolary booty, sorts it out, destroys such disappointing communications as contain no financial possibilities, segregates all checks and drafts, and then enters upon the technical part of his work. With chemicals and knife he delicately erases from the checks all but the amount and the signature (he may even raise the amount if the check be not protected by a perforation stamp) and fills them in to suit his taste either by handwriting or preferably with a typewriter. Now comes the matter of cashing them.

This he cannot do himself, for he hasn't the "front" for it, being probably too shabby of appearance. So he goes to some small shopkeeper who is on the fringe of the criminal world and gets him to act as go-between for a consideration which may run as high as an even split on the loot. The store man's financial responsibility may be practically nil—in fact it usually is—yet his business gives an effect of permanency; he is known to the neighborhood banks; generally one can be found to oblige him once—and once only. For when the checks are put through they come back with unpleasant news attached.

The over obliging bank gets after the store-keeper, who promptly and injuredly washes his hands of all responsibility. He thought the checks were all right. Bank people are supposed to be expert in such matters; if there was anything wrong, why didn't they spot the swindle? So the bank is stuck, and Mr. Slickley, not precisely bulging fat with rewards, indeed, for this game is workable only in small amounts, but with enough to furnish him for his second step

upward in his profession, leaves for a smaller city and his next job. This requires careful dressing, but less nerve than the first venture.

Let me now present Mr. Cyrus Slickley in the well-known and unpopular role of his own brother-in-law, one appearance only in the city of, say, Toledo. Immediately upon arrival he has made some quiet inquiries and learned that the Dalton Manufacturing Company runs a checking account at the Howcumsit Trust Company, whose assistant cashier is named Delavan. Armed with this information he calls up the trust company on the phone and hands out this line:

"Mr. Delavan, please. This Mr. Delavan? Good morning, Mr. Delavan. This is Thomas Q. Dalton. Yes, of the Dalton Manufacturing Company. My brother-in-law, John Whittemore, has just come to town to live and I'm sending him down to you. I'd bring him myself, but I've got a lot of things on this morning. He may want to start an account. Anyway, do what you can for him, won't you? You'll find him a very nice fellow. Thank you very much. Good-bye."

Presently a stranger presents himself at the Howcumsit Trust Company cashier's window and proffers a check for \$360. He is well dressed has a mildly assured manner, and seems quite shocked when the cashier, looking him over dubiously, says "But we don't know you, Mr. Whittemore."

"Didn't Tom phone your Mr. Delavan?" exclaims the visitor; "Thomas Q. Dalton, I mean, my brother-in-law."

Hearing his name, the assistant cashier comes forward. "Why, of course. Glad to see you, Mr. Whittemore, and to be of any assistance."

The check is forthwith obligingly cashed. In case the official for whom the trap is set is believed to be a hard proposition an accomplice may be sent to cash the check while Slickley waits at the end of a telephone (which he previously gave as the Dalton Company number) to identify his brother-in-law.

Moral for banks: telephone endorsements are written in air.

Having some working capital, which is as necessary to real operations in the crook's line as in legitimate business, our Cyrus branches out a bit. He runs up to Chicago and begins to haunt brokers' offices, business places and the like, trying to get near men of some importance on one plausible pretext or

another with a view to picking up a personal checkbook. This might seem to be a rather hopeless quest; but the records indicate that many men of wealth are surprisingly careless about leaving their checkbooks lying about where casual visitors can lay hands upon them. Cyrus doesn't want to steal the book; all that he needs is a check or two torn from the back. Having acquired these with the owner's name engraved conspicuously across them, the rest is easy. He fills in the check with such an amount as he has reason to believe will be easily covered by the balance at the bank, say \$1,200, perpetrates a more or less skillful forgery of the signature and takes the result to the bank. Now, if he attempted to cash the check, suspicions would probably be aroused. His work is not so coarse. To the teller he says suavely:

"Are you Mr. Calkins? I think you're the gentleman Mr. Morse told me to see about certifying this check."

So assured is the official by the sight of the familiar engraved name across the face of the paper that he does not scrutinize the signature carefully. His only concern is to ascertain that the Morse balance exceeds \$1,200. —Yes, that's all right, nearly three thousand in the account. The check is duly certified and the politely grateful Mr. Slickley takes it to another bank where he deposits it in any name which he may choose for the occasion, fortifying it with four or five hundred dollars cash to give an air of solidity to the transaction. A day or two later—it won't do to wait too long, for obvious reasons—he draws out all or nearly all his account and departs happily, leaving the two banks to apportion the blame between themselves according to their lights and prejudices.

Having thus accumulated, on the approved business college principle of "selling oneself" successfully, a nice little nest-egg, Mr. Slickley may conceivably wish to enlarge his mind by travel. Nothing easier. The banks will pay all expenses and a comfortable weekly stipend besides. All that he need do is to follow the example of the eminent Charles Stanley Walker, now deceased, whose eleven years of profitable activity I mentioned above. Mr. Walker had one curious weakness which, one might suppose, would have served to betray him: he invariably operated under a single first initial and a second name, "C. Howe," "W. Carson," "A. Warren," and

almost always one of the two initials corresponded to his rightful name.

His method, simplicity itself, depended chiefly upon personality and a natural histrionic knack. To produce an atmosphere of reliability he dressed plainly, in good materials of neutral design, and with a generous display of Masonic emblems to which he had no right. Landing in a small city he would quietly absorb personal information about the local bank cashiers and, in the course of a few days, would drop in upon one of them with a friendly air.

"Howdy, Mr. Johns. Just met up with Judge Davis outside and he tells me you had a little christening party at your house last night. That's your third, ain't it? Other two girls, eh? Improving as you go on." And so on, ending with the request, "Would you mind cashing this check for me?"

Usually the check was a cashier's check. Of course to cash it without knowledge or identification of the man presenting it would be a violation of a fundamental rule of banking, but Mr. Walker's pleasing manner and hypnotic tongue inspired a strange negligence in the official heart, and he seldom scored a failure, not even after the American Bank Association detectives had flooded the financial world with descriptions and warnings. But when the Burns Agency's red-typed warning was issued, the subject of it walked into a Shreveport, La., bank and encountered a teller who had just been studying his record. From that to Atlanta was a short step.

It is estimated that Walker averaged upwards of \$500 a month, in checks ranging from \$75 to \$250—never above that—for the long term of his activities. So Mr. Cyrus Slickley might do worse than pattern by him. Also he might do better. His capital will now warrant expansion, and in his next venture we will find the bank acting as his unwitting partner.

Behold our dubious hero, then, introducing himself at the cashier's window of a Syracuse institution, as Samuel J. Monkton, a minor capitalist with a wide acquaintance in banking circles of other cities (if his glib talk is to be believed) and a project for buying a local plant wherein to manufacture a new type of carburetor. Naturally he doesn't want anything known of this lest the price go up on him. Meantime he would like to be put in touch with a high class conservative lawyer, one accustomed to handle moneyed interests. Can the cashier suggest one? Why, yes, the bank's own attorney, Judge Clarke. "Be glad to give you a letter to him."

A Little Matter of a Note

FORTIFIED with this valuable document, he calls upon the lawyer, tells him about the factory scheme. "But my immediate business with you, Judge, is in connection with a note owed me by Ralph Tillinghast of Rochester. You know him, of course. It's only for \$2,500 and he's good for the amount fifty times over, but he's just naturally slow about these things and though the note has run more than two years I don't feel like dunning him because he's a personal friend. It happens that I need the money as I'm starting south in a couple of days. So I thought I'd do this—write him that I'd turned over the note on a deal and he must be prepared to meet it. Then I'll give you the note and you do the rest. Here's his address. Can you handle it right away?"

Certainly Judge Clarke will write at once. Thereupon our Mr. Slickley, alias Mr. Monkton, alias also Mr. Ralph Tillinghast

whom he has invented for the occasion, takes train for Rochester, goes to the address which he has given the lawyer, and on the following morning gets the letter and writes a reply in the name of the lax Mr. Tillinghast—a quite apologetic reply. That night he spends in Rochester, returns to Syracuse in the morning and calls at the Clarke office.

"I suppose I'll have to leave without that money," he says disappointedly. "My train goes at noon. If you hear from Tillinghast—"

"It's all right," interrupts the lawyer. "This came in on the morning's mail."

He displays the letter which Mr. Slickley, as Tillinghast, wrote from Rochester, accepting the draft and stating that he has instructed his bank to forward cash at once to cover it. Trustingly and obligingly Judge Clarke offers to draw the amount on his own check so that his client may catch the noon train. He holds out \$100 for his fee, and turns over \$2,400 to the grateful "Monkton," who departs rejoicing inwardly. Later there will be a spirited debate between the bank and the judge as to who is to blame, the judge's main argument (not too easy to refute) being: "You made yourselves responsible morally when you gave a letter of introduction to a man of whom you knew nothing."

Getting on in the World

BY this time the Slickley operating fund ought to be at least \$4,000 or \$5,000, quite enough to enable its owner to work the "lunch-hour racket" in some middle-western city, perhaps Cincinnati. Selecting his institution with care he deposits \$4,000 to his own account. For a fortnight he checks in and out of this, studying the habits of the bank personnel until he has a good working knowledge. Financial people are usually methodical in their habits; they come and go and eat with regularity. The new depositor finds that he can rely on the cashier leaving for luncheon at 12.45 and returning not before 1.30. One day, when his getaway is arranged, Mr. Slickley arrives at just 12.44.

"What is my balance, Mr. Handler?" The cashier has it looked up. "It is \$1,564.30."

"That all?" says the depositor, disappointed. "I thought it was more. Got a deal on, calling for two thousand. Well, I'll have to give my note for part of it." He loses himself in mental calculation while the cashier glances restlessly at the clock. "Oh, sorry to keep you waiting. Just let me have \$1,500, will you?" And he fills in the check.

The official delivers the cash and bolts, three whole minutes late.

Back comes Mr. Slickley, quarter of an hour later, to greet the substitute cashier, and puts to him the same question as to his balance. As the delayed luncher has not taken the trouble to report the withdrawal before going out, the books show the full \$1,564.30. Again the depositor draws out \$1,500, this time not his own but the bank's, leaving the odd \$64.30 as a testimonial to carelessness.

Cases are on record where two banks in a city have been mulcted by this scheme on the same day.

It may well be by this time the bank game is becoming monotonous or even dangerous to our Mr. Slickley. Or perhaps he feels that his increasing means and experience fit him for more ambitious enterprises in more highly specialized fields. Hence we find him organizing, with three or four confederates, one of those ingenious stock guaranteeing schemes of the kind which U. S. Post Office Inspector C. H. Clarahan has been successfully hunting down for the Gov-

ernment for several years past. While this calls for considerable time, skill, and capital, it pays large returns and the margin of safety is greater than in the bank ventures.

Mr. Slickley learns that Orson McCann of Springfield, Mass., owner of a quarry, has been organizing a stock company to finance some extensions by the sale of \$100,000 of stock. He calls upon Mr. McCann, presents an impressive card, and is welcomed as representing the Guaranty Redemption Company, whose specialty is guaranteeing to investors the par value, at the end of any stated period, of well-secured issues.

"We will guarantee to your subscribers," says the bland Mr. Slickley, "a return of par on your stock for a period of forty years and charge you only \$24 a share for it. Naturally we don't expect the whole \$24,000 in immediate payment. Our terms are 10 per cent down and the balance when the stock is disposed of."

Reasonable though it sounds, Mr. McCann is dubious. The idea is wholly new to him. He wants to think it over. Certainly, agrees the urbane representative, no hurry at all. But he fears that in the present state of the market there will be great difficulty in placing a wholly unknown stock. Almost immediately inquiries and offers begin to flow in upon Mr. McCann from stock salesmen and brokers who have heard (unaccountably to the quarry-owner, since he does not suspect that the inquirers are merely Mr. Slickley's partners) about the project, and invite correspondence. But it proves that all the inquirers lose interest immediately and totally upon learning that the stock is not guaranteed. Nothing but guaranteed issues will do; the public won't look at anything else: a redemption clause backed by some responsible concern, or nothing doing.

The Sad Awakening

BY the time it has sunk into Mr. McCann's perceptions that the Guaranty and Redemption Company's representative was right in saying that modern stock promotion must be on a guaranteed basis, that gentleman appears again. The victim is convinced; he takes the bait to the extent of the first 10 per cent payment. Abruptly and mysteriously the brokers and stock salesmen who were so eager to handle his proposition now become indifferent. Letters to them elicit no replies, or if any, evasive answers. There is no way of holding them to legal accountability. The project starts with a net loss of \$2,400.

In the case of a heavier capitalization, for the purpose of building a branch railroad, for example, it may even pay Mr. Slickley to "plant" a representative abroad. Then the supposed brokers accept the redemption agreement of the Guaranty concern and notify the railroad people that they have a satisfactory bid for the entire issue from the International Bankers' Alliance of London, controlling an association of banks on the Continent. As a final condition, however, the Alliance insists upon a report from their own engineer, who will sail immediately upon receipt of \$5,000 to cover expenses. Under the inspiration of this prospect the money is forthcoming. So is the "engineer." Also disappointment. For invariably the expert will return an unfavorable report. The London concern withdraws its bid, and Slickley & Co. are the richer by \$12,000 or \$15,000 of the railroad's money to divide between them.

Eventually Mr. Slickley will get caught. They all do. But not before they have taken a rich toll from the very class of financial experts who are supposed to be immune to fraud, however ingenious.

Tariff Bargaining, Senate Style

By CHAUNCEY DEPEW SNOW

Manager, Foreign Commerce Department, Chamber of Commerce of the United States

NOT THE least interesting feature of the tariff legislation now pending in Congress is the special provisions aimed at safeguarding the best interests of American business in foreign countries. The tariff, of course, is one of the big tools used in working out international commercial relations. We have been accustomed to construct a tariff frankly and undeviatingly from the standpoint of protection of our domestic industries against inroads by unpalatable competition from abroad. Time and again in the text accompanying the schedules we have incorporated clauses talking about reciprocity, and talking about what will happen to the other fellow if he doesn't deal gently with us in his customhouse. A generation ago there were heated political battles over these clauses; much of the very phraseology now in debate goes back to 1897 and 1890.

Because our tariff has not been built with foreign commercial policy much in mind, these trading or penalizing provisions in our tariffs have more than once been of little or no value. There is not much benefit to be derived out of penalties that on their face are so extreme as to be virtually impossible of lasting application without doing serious damage to our own consumers of products necessarily obtained from abroad. Likewise, there is not much benefit to be anticipated from a honeyed clause in a tariff purporting to offer foreign countries a perfectly hollow and shallow semblance of a concession.

Some foreign countries are as alert in sensing the emptiness or the futility of a finely worded paragraph in a tariff law promising concessions or threatening dire penalties as are our legislators who frame these bits of legislation. In fact, some foreign countries of long experience in these matters are probably more alert than our draftsmen of such

tariff clauses. We sometimes rock ourselves into the belief that there really is merit in our own experimental concoctions in this line, only to find that the guiding minds of foreign commercial policy in other wideawake nations are not so readily convinced. If we are going to make concessions that will bring us concessions worth while, our concessions must themselves be worth while. If we are going to overcome real discriminations against us abroad, we must be in a position to let down some of the real discriminations which we make against a particular foreign country.

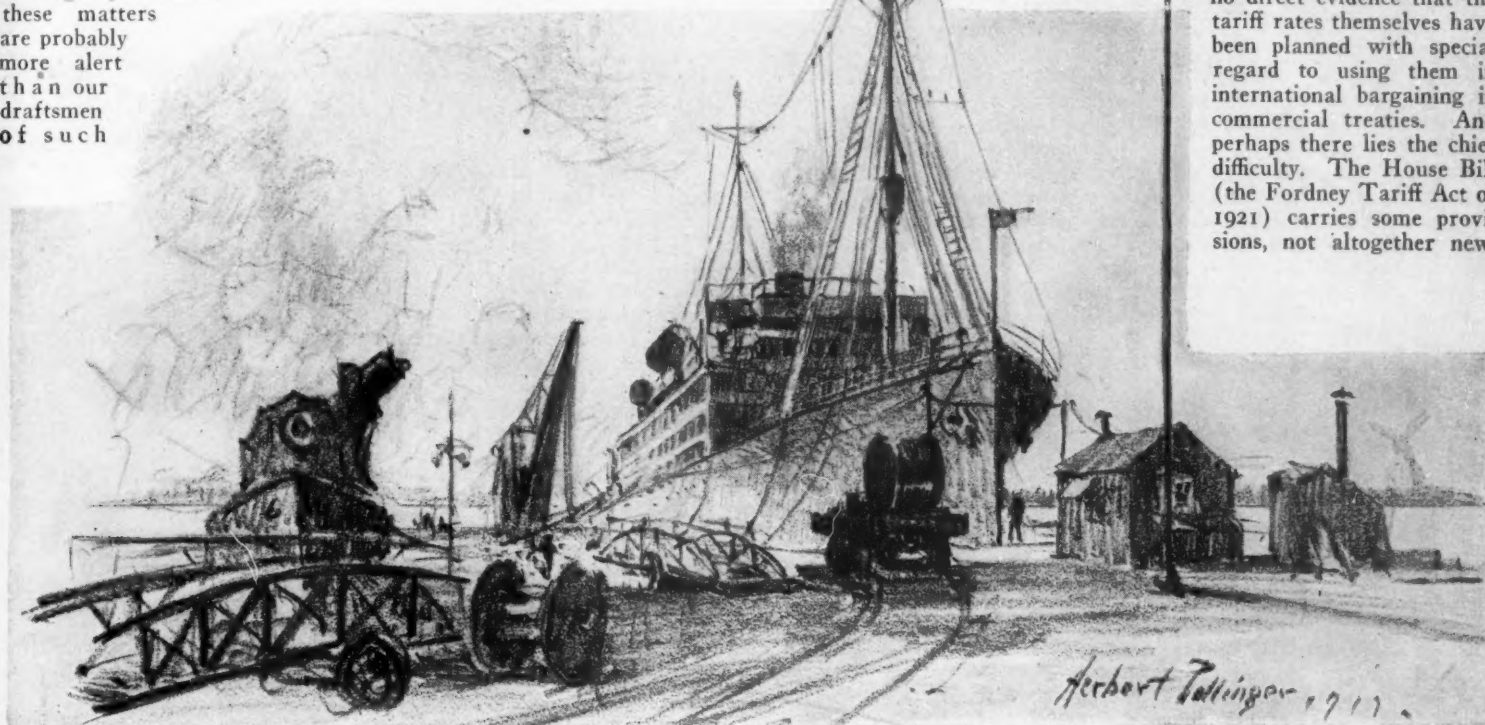
We want to meet the virtual discriminations which we encounter in foreign countries. A clause in a customs tariff which meets mere technical discrimination is little more than a pious statement of what everyone takes for granted. A foreign country can put itself in a technically righteous position in its tariff treatment of us with very little effort. The German Customs Tariff is a marvelous example of how, by shaping the phraseology of individual tariff items, a virtual concession could be made which would apply only to the products of one country, although the wording of the tariff item was such as to enable the German government to shrug its shoulders and say:

"My dear sir, that tariff item applies to you, as well as to the Japanese, the Swiss, or the Swedes. If you can deliver merchandise which comes up to the specifications of that tariff item, we shall be delighted to admit your stuff of that precise kind at the same rate that we apply to

that of Japan, Switzerland, or Sweden." It was tough for the American exporter to Germany to get an answer of that kind when he knew that there was a joker in the specifications in question making it applicable only to the goods from Japan, Switzerland, or Sweden, as the case might be. Technically the German government was not discriminating; in fact it was discriminating all along the line.

The French accuse us of doing somewhat the same thing. They say that we are indulging in casuistry when we calmly tell them that we don't discriminate against them. They say: "Your self-righteous doctrine of 'equality of treatment' is fair in the letter of the law, but unfair in the spirit. Don't talk to us about giving you a friendly tariff treatment on your sewing machines and petroleum jelly, and your other characteristic products, when our Lyons silks, our Sevres porcelains, and our *articles de Paris* are soaked with unconscionable duties in your customhouses. It is no comfort for us to be told that these same articles coming from any other country would receive precisely the same treatment. The fact we are interested in is that these things don't come from any other country; they come from France, and France is the one that feels it. We shall not resort to camouflage; of course we shall definitely continue a policy of more friendly tariff treatment for the other countries which give more friendly treatment to us."

Our tariff framers in 1921, and in 1922, are facing this same old question of tariff sop or the tariff big stick to apply to other countries. There is no direct evidence that the tariff rates themselves have been planned with special regard to using them in international bargaining in commercial treaties. And perhaps there lies the chief difficulty. The House Bill (the Fordney Tariff Act of 1921) carries some provisions, not altogether new,



Taken as a whole the American merchant marine is not in what you would call a flourishing condition. Vessels tied up at wharves or anchored out of the way in harbors run into

the hundreds. Tariff and shipping legislation now before Congress is going to determine in a large degree whether these ships get cargoes when the inevitable business revival sets in.

that are aimed at accomplishing two distinct results: (1) meeting either obvious or concealed tariff discrimination against the United States, and (2) creating an advantageous market abroad for American goods by making some real tariff concessions here on the characteristic products of various foreign countries.

Maybe the House Bill was so framed as to enable these clauses to work without hardship or injury to any American producers; there are those who think that the general tendency of the House Bill, with its comparatively high rates and the institution of American valuation, was a combination assuring duties high enough to make room for some real concessions at about any point. On the other hand, the opponents of the concession method in tariff bargaining press their perennial argument that, in order to obtain a tariff concession in a foreign country for exporters of one product, you have to make a concession in your own tariff which sacrifices a domestic producer of something else.

What the Opponents Say

FOR example, if Belgium wanted to get a lower rate of duty on automobiles in the United States, and at the same time the United States was keenest on getting a lower tariff rate on automobiles in Belgium, the direct concession in each country would affect primarily the automobile manufacturers. But, the opponents of the concession method point out, the chances are that while it might be automobiles or it might be canned goods on which we wanted the concession in Belgium, it might be plate glass or machine-made lace on which Belgium would be keenest for tariff concessions in the United States.

In that event, the American plate-glass producers and machine-made-lace producers might see their margin of protection reduced and find themselves "paying until it hurts," while the American automobile manufacturers and canned goods packers were "sitting pretty" in the Belgium markets. Obviously the concession method has its difficulties as well as its possible advantages and can be used with fairness only in conjunction with a customs tariff that is so framed as to lend itself to such use.

The Fordney Bill provides that whenever the President, with a view to securing reciprocal trade with any foreign country, shall enter into a commercial treaty by which the products of the U. S. get a reduction of duties, the President may reduce duties or put on the free list certain products of such foreign country. That is the substance of Section 301 of the Fordney Bill. In that clause there is no limit set as to the extent to which the President might go in this matter of reduction or opening up the free list. Section 303, with the same general intent of putting in the hands of the President something definite to trade with in negotiating with foreign countries, authorized him to reduce duties not more than 20 per cent for a period of not more than five years, in exchange for tariff concessions on American goods abroad, and this latter provision the President might exercise in the ordinary course of a treaty, requiring only the constitutional approval of the Senate.

The wider range of concession contemplated by Section 301, the Fordney Bill makes dependent on approval by Congress. Even the 20 per cent range of concession for the five-year period, friends of the concession method believe today, as they believed twenty-five years ago, would give the President a real handle for tariff bargaining. Some think that the wider provision, unlimited, so far as the President's power of negotiating is

concerned, but requiring the approval of Congress, is nothing but pretty language, which never would amount to anything; such concessions would have to run the gauntlet of the House of Representatives in addition to the Senate, and their chances of fruition would undoubtedly be slim. These two paragraphs in the Fordney Bill, however, are the molasses which the House of Representatives would use to catch the flies of tariff concession in foreign countries.

Vinegar—but Pretty Sweet

THE House did not hesitate in Section 302 to use a little vinegar at the same time, although careful scrutiny of that section might lead one to the belief that this is nearer to the sweet-cider stage than to the pure-cider-vinegar state. Section 302 provides that when the President shall be satisfied that the government of any foreign country imposes duties which "he may deem to be higher and reciprocally unequal and unreasonable" he may suspend the regular United States duties on "any such or similar article or merchandise" imported into the United States from the country in question, and instead of the regular duties impose a rate of duty in the United States on "such or similar article or merchandise" equal to the duties or other exactions, limitations, or even embargoes imposed by such foreign country.

There is a penalty provision with a certain number of teeth in it, aimed not only at meeting technical discriminations against us abroad but also at virtual discriminations in the shape of unequal or unreasonable duties in a particular foreign market. Of course, it may be cavilled, it is rather high-handed of us to say what is reasonable and what is not; but there are cases when the unreasonableness and the unfairness of the duties constitute unmistakably a virtual, although not a technical discrimination.

To the Rescue of Salmon et Al.

THE canned goods interests in the United States were especially interested in this Section 302 of the Fordney Bill. They believe that they have encountered unreasonably high rates on American canned products in a number of countries, and for years they have been at our government to authorize a tariff provision that would enable them to meet this harsh treatment of our salmon, condensed milk, and other canned foods.

Section 302 suited them down to the ground, provided that the phrase "such or similar article or merchandise" be clarified and so phrased as to cover "products similar in character, quality, or use." The point is that, if we were encountering discriminations or unreasonably high rates on our canned milk in a particular foreign country, the chances are that it would not be canned milk that that other country would be interested in shipping into the United States. It might be, however, that that other country would have some other food product which it would be very materially interested in putting on our market, and if we could exert a little pressure by laying hands on that commodity, the difficulty over the canned-milk rate in the foreign country would soon be overcome.

So much for the Fordney Bill. As the bill went to the Senate Committee it carried those various provisions for meeting discriminations and encouraging our export trade. When the tariff bill came out of the Senate Committee in April, 1922, Sections 301, 302 and 303 were out of sight. In their place the tariff framers in the Senate Committee on Finance had inserted its own brand of tariff bargaining and meeting discriminations abroad. The Senate Committee's version of

what is good tariff medicine for the United States shows the influence of the United States Tariff Commission and attributes to the commission certain conclusions that the commission may or may not have intended. The committee, in the report accompanying the bill, said:

The committee regards as undesirable the policy of reciprocity and penalty duties embodied in Section 301, 302 and 303 as they passed the House, and in certain provisos attached to paragraphs in Titles I and II. Sections 301 and 303 of the House Bill embodied a policy of reciprocity which the extensive report of the Tariff Commission on "Reciprocity and Commercial Treaties" demonstrates to have been without important result and not warranted in view of the international complications which result from it. In addition, it is contrary to the policy of equality of opportunity and the principle of the open door which the Department of State of our Government has been consistently urging. A further objection to Section 303 of the House Bill was that agreements under it would not require ratification by the Senate.

Contrary to Treaties?

SECTION 302 of the House Bill and the mandatory application, by provisos of Titles I and II, of the same principle to particular articles is especially objectionable. These provisions would permit or require the enforcement of several different rates of duty upon the same article according to the rate in force in the country of production. The objection is that such action on our part is contrary to many of our treaties as we have ourselves interpreted them in the past; that the provisions can in any case apply to only an exceedingly small part of our trade, since we do not normally export and import the same or similar articles to and from the same country; that in the majority of cases where the policy might be applied it seems certain that it would not be successful in inducing the foreign country to reduce its duties; and, lastly, that if foreign countries should retaliate by applying the same policy to our exports the conditions of our trade are such that we might easily lose very much more than we could hope to gain by the policy.

We have, therefore, eliminated Sections 301, 302 and 303 and the provisos mentioned, and, as previously stated, we recommend, in Section 317, a policy of penalizing discriminations against American commerce. This policy is more in keeping with the traditional policy of the United States.

It is interesting to observe this senatorial declaration of respect for "the traditional policy of the United States," and the senatorial humility before "the policy of equality of opportunity and the principle of the open door which the Department of State of our government has been consistently urging." The Senate Committee goes on to comment on its own prescription in Section 317 as follows:

The first step authorized is the very moderate one of additional duties to be measured by the extent of the injury done to our trade; if the foreign country does not then accord to our commerce that equality of treatment which it is our policy to extend to theirs the President may take more drastic measures.

Here is where the vinegar comes in!

Section 317 follows two other lengthy sections (315 and 316) providing for a rather wide measure of flexibility of duties (not to exceed 50 per cent of the rates specified in the Act) in the President's hands when he shall ascertain that the duties fixed in the Act do not equalize differences in conditions of competition in the trade in particular articles in the United States and in competing foreign countries, bringing in the use of wholesale selling price in the United States as the

basis for duty instead of the customary foreign market value, in worthy cases, and providing a liberal measure of protection against unfair competition in any import transactions. This last is supplementary and in addition to the anti-dumping legislation which Congress put on the statute books in May, 1921.

Section 317 itself consists of more than four pages of provisions lettered from A to J. The burden of the section is that the President may impose new or additional duties upon the products of any foreign country whenever he finds that such country treats our in-transit trade unfairly, indulges in any outright discrimination in the shape of duties, port charges, regulations, etc., on our imports, or imposes any discriminating duty or restriction on exports from such foreign country to the United States.

The vinegar is applied there freely when a foreign country does not promptly respond to the imposition of such new or additional duties in the United States, and forthwith abandon its evil course of discrimination. If that happens, the President can come out with a further proclamation directing "that such products of such country as he shall deem to the public interests may require shall be excluded from importation into the United States." The only restriction on the President in wielding the club of additional duties in the first instance is that they shall not exceed 50 per cent ad valorem or its equivalent.

Additional duties may be all right in tariff bargaining, if your tariff is framed with bargaining in view. If your tariff rates are representative of the absolute low-water mark of protection with which the American industries can prosper, then obviously, in fairness to the industries, the only method of bargaining open is to say to the other fellow:

"We've got some rates higher than these; we mention these just to show you what you may have if you're nice to us. If you're not nice we shall have to tack on the others. How about it?"

But when your tariff is not thus framed with bargaining in view, additional duties are likely to be pure vinegar. The Senate Committee talks about additional duties to hit back against "injury done to our trade." Additional duties of that variety may do some good against outright discrimination, but what else have they to offer to make the foreign trade horizon brighter?

Take Section 316 of the Senate Bill, with its detailed penalizing provisions against unfair methods of competition, in conjunction with the anti-dumping Act of May 27, 1922, and add to that Section 317 with its elaborate recital of export, import, and in-transit discrimination against which the United States may impose new or additional duties, and even utter exclusion, and you have as handsome a collection of legal provisions for safeguarding our trade at home and abroad against dirty, under-handed, unfair, and gen-

erally iniquitous competition as exists in the solar system.

The business of the United States would undoubtedly be properly safeguarded on the score of discrimination and on the score of unfair competition on the part of foreign countries. There is a considerable proportion of vinegar in this Senate Committee lay-out of special tariff provisions. The House provided a little molasses and showed a tendency to sweeten up the vinegar. The Finance Committee of the Senate, on the other hand, apparently puts all its faith in vinegar.

Discrimination and unfair competition are bad, and nobody is going to dispute the need of adequate tariff provisions on the part of the United States to safeguard our traders against them. There is such a thing, however, as rubbing it in. There is such a thing as injecting a sour note in our whole tariff attitude toward the rest of the world which is not calculated to give us a friendly tariff reception anywhere else.

American exporters as a general rule are much more interested in meeting a friendly, receptive market abroad, with fair treatment by foreign governments, than they are in enforcing any doctrine of "an eye for an eye." It is a pertinent question, quite apart from our rates of duties, which should be determined on economic grounds, whether there is not a little more room in the administrative provisions and the special provisions of our tariff for a "golden rule" spirit.

Business and Human Beings

By FRED C. KELLY

Author of "Human Nature in Business"

I RECENTLY heard a man boasting that he had been on the same job for fifteen years without any vacation. There is something wrong with a man like that. Why should anyone take pride in attaining a record for stupidity? If a man has no other interest in life, aside from his job, then he is so narrow-gauge that he isn't of much value even on the job. When a man treats his job as an endurance test and is proud of a long no-vacation record, the chances are that it is the only thing he can be proud of. Moreover, he may be trying to hide the fact that he is afraid to take a vacation lest his boss should find out how little he is needed.

As a rule, the man who has an inflated idea of his own indispensability is the one who can be most easily spared. I knew a man once who didn't take a vacation for so long that, when he did, his absence from the office attracted an undue amount of attention. He got no credit for the years of uninterrupted toil.



Many a business method would be better if it were a little worse. It is like the Chinese alphabet. Centuries ago, when the

only means of writing was by pictures, the Chinese had the best picture system in use. Indeed, it was so good that the Chinese did not feel the need of replacing it with a simpler and more modern alphabet. They could make it do. Other nations found their writing systems so crude that they were obliged to adopt something better. The fact that the Chinese picture alphabet could be made to do is probably the thing that has held back the Chinese nation all these years.

If their system had been a little worse, they would have thrown it out and replaced it with one that would have made the spread of knowledge more easy and more general. What is true of a method of writing is true to a degree of any business method. If it isn't as good as it should be, and yet can be made to do, it is likely to become a serious obstacle to progress.

Most business enterprises are conducted to make money for the producer instead of to save money for the buyer. What a hit a producer can make when he works partly with the buyer's point of view in mind! What an advantage he has over his competitors who consider only themselves!

Dull times always produce the best business men. Anybody can conduct a business when all is rosy. In sunny Spain, even, where the soil is fertile, the worst farmers are to be found. The best gardeners come from the bleakest parts of Scotland.

A famous hotel man, who is also something of a philosopher, once made a remark to me that would apply to almost any business.

"The greatest mistake," he declared, "that is commonly made by employees and managers is to exert themselves more for the comfort of an old-time customer than for a new one. According to all rules of hospitality and logic, the person who should receive the most effort for his entertainment within one's doors is the newcomer. In your own home you would not think of making a great fuss over a man who had been entertained there before, and more or less ignore another fellow who is receiving your hospitality for the first time. Yet in a hotel dining-room the head waiter is most careful to seat the man whom he has seen there before, and in most stores the clerks make more fuss over an old customer than one who is giving the store a first trial."



Spencer is quoted as saying that imitation in dress may be due to reverence for the one imitated or a desire to show equality with him. We may try to dress like a certain man because we admire him, or because we dislike him—to show the world that we can have any kind of clothes that he can have. The average man does not like to wear a

dress suit. Yet he does not care to be without one, lest people think he is not as good as others who wear them. Many business practices are doubtless due to the same reason—our desire to show a competitor that we are just as good as he is.

Rival manufacturers of women's suits get together each year and agree on *general style tendencies*. Otherwise there would be too many different designs offered, and women, being uncertain which style will prevail, might play safe by not buying any.

Ostrich feather fans, priced in one New York establishment at \$150, may be had at another place only a few blocks away for \$30. The fans are bought at identical prices in the same wholesale establishment. Because of human vanity, the proprietor of a

store which sells to one class of people would no more dare to charge too little than another would dare to charge too much. The woman who pays \$30 for a feather fan in an unimportant shop might not be willing to pay much more than that; but the woman who deliberately goes to the most expensive store in town might feel only contempt for the establishment if she found luxury articles there priced within the pocketbook range of the masses.

As I sat in a retail credit man's office, a customer, with a check to cash, announced a bit pompously that he was a lawyer from Columbus, Ohio. He grew angry when told that he must be identified and he was obliged to leave without any O. K. on his check. Only a moment later, an unassuming little chap, who said he was a building contractor

in a western town, presented a check which the credit man promptly agreed to cash without identification. I inquired why he had refused to O. K. the lawyer's check.

"Because," replied the credit man, "a good lawyer in a city the size of Columbus would know that he must be identified, and would not be indignant."

The weakness in many a business enterprise may be traced back to the vanity of the proprietor. He craves bigness as a means of projecting himself before the public and wants his store or manufacturing plant to grow more rapidly than conditions justify. He wishes to build a conspicuous monument to himself. This may not be an unworthy ambition, but bigness based on overexpansion is dangerous. A banker must keep his eye on such men, or they will not only get themselves into deep water but take him in with them.

Boll Weevils and Cook Stoves

By ARCHER WALL DOUGLAS

IT IS a matter of experience and observation that few men make a success of their business unless they like it. If it be merely a job, a means of making a living, a task, the man pursuing it never gets very far in developing either its or his own possibilities. That old Sunday school stuff about all that a man needs for success is devotion to duty is as extinct as the ancient dinosaur, or the fire among the thorns. The really additional compelling impulses must be self-interest and a lively liking for his work.

The way and means thereto, as they say in the Prayer Book, are to demonstrate to the worker the possibilities of his task, not only in the way of pecuniary profit and advancement, but most important of all, as the means, likewise, of an education which the task holds for those who have perception enough to realize it. For these opportunities are present in many apparently prosaic lines of business if only we have vision to see them.

We constantly indulge in sentiment and admiration about the enthusiasm of some students of science for their calling. Yet it is a demonstrable fact that every commercial business of any moment has in its study the possibilities of the most far-reaching and fascinating education. The principal requisites for such education are analysis to perceive the essential elements of every problem and vision to discern the possibilities of development in these elements. The mental preparation for study consists in some experience, unceasing, critical, and absolutely impartial observation, and that sense of analysis and deduction to which two and two make four—not sometimes, but all the time, as the Thinking Machine said.

For our theme, with many variations, let us take the problem of merchandising of some familiar lines of goods handled by large distributing houses, and see to what lengths and how far afield they lead us in education and knowledge. Refrigerators are an article of common everyday use. The sales records show that they sell best in the period from April 1 to August 1—but that this sale is earlier in the year in southern latitudes, and goes northward with the gradual coming of warm weather. Also that refrigerators are purchased most largely by consumers just a little in advance of the summer months. That

they sell best in hot, dry summers. That there are scattering sales, however, all the year around, even in winter time. That their manufacture has greatly increased in the last quarter of a century, more so, in fact, than the growth of population. That, likewise, there is marked growth in their quality and appearance in the past decade. That they are gradually being used more and more by the plain everyday people as a thing of necessity rather than of luxury.

Now, here are a lot of facts. What do we get from them? The initial formula is simple enough. What are refrigerators used for? By whom? Under what conditions? How is their use affected by weather? By changes in the purpose for which they are intended? By improvement in the taste, education and intelligence of the people using them?

They obviously are used to preserve food products fresh for the table, and to prevent them from decaying. This is done only by means of placing food in a cold environment and not by shielding it from the air. Immediately this opens up the entire problem of germs, malignant and otherwise, and their effect upon human beings. If the student of how to buy and order refrigerators, and whether certain kinds and styles are increasing or decreasing in use, wishes to be onto his job, so as to handle it intelligently, he must perforce become familiar with the purpose and construction of refrigerators, so as to judge of each one as to whether it really fulfills its mission.

Take Ice, for Instance

ICE, of course, is the essential feature in the use of refrigerators and is their principal continuing cost. Consequently the price of ice must affect the extent of their use. This involves the study of the sources of making ice, natural and artificial. It is a matter of easy observation that the manufacture of artificial ice seems to promise a permanent and increasingly universal use of ice at costs which will always be both economical and dependable, as compared to the uncertainty of supply and often high costs of natural ice save in more northern latitudes. Furthermore, as ice making plants can be operated in any latitude, however hot, it is perfectly obvious that the greatest increase in the use of refrigerators should be in hot climates.

Now, this is one of those many things which are perfectly logical but in real life are principally remarkable for not being so. Nor is the reason far to seek. The statistics of sales show that refrigerators sell in largest quantities in the temperate zone, and where genuine civilization in the way of education and intelligence is most pronounced. It is an easy deduction that this arises from the fact that such educated and intelligent people are naturally most sensitive to, and appreciative of, an article because of its sanitary appeal and because it preserves food in that fresh and appetizing form most relished and demanded by those of discriminating and cultivated taste. With the uneducated and more elementary man the matter of satisfying hunger is largely a question of quantity, while one of the refinements of every civilization is the preparation of tempting foods in which quality is the principal requisite.

Broadly speaking, the inhabitants of hot climates lag behind those of the temperate zones in the matters of sanitation and the niceties of life because of the lesser prevalence in hot regions of the higher and more progressive elements of modern civilization. This, in turn, develops that significant and never-to-be-overlooked economic axiom that the articles of quality which appeal to the higher and more intelligent instincts of civilization find their chief market among educated countries and peoples. And it is an interesting accompaniment to this statement that such countries and such peoples are almost invariably the most wealthy, and with the greatest purchasing power.

The question of who uses refrigerators brings up the consideration of the sphinx of all time, the eternal feminine, concerning whose idiosyncrasies, real nature and mental processes, we are as much at sea as were our pre-historic ancestors, the cave men, in those good old days of long ago. The first elemental principle we run across in the study of the female of the species in connection with refrigerators, is that as the latter are mostly used by woman, that we should give her the kind she wants and not what we think she should have.

Several manufacturers in my experience have lost much money by making household utensils without bestowing any thought

as to the nature and character of the being using them. For instance, most lipped saucepans are made with the lip on the left-hand side, which is all right when you pour water or some other fluid out of the saucepan, for then you naturally held the saucepan in your right hand, but it is all wrong when you have some thick substance—as a stew—in the saucepan. For then you hold the saucepan in your left hand and take out the contents with a long spoon.

Apparently from the point of convenience of the user, lipped saucepans should always be made with the lips on both sides, so as to be thus all-comprehensive. But as men continue to manufacture lipped saucepans, there is still an undue proportion of them with lips on the left side only.

The trouble is that since the beginning of recorded time man has framed woman's code of ethics and, often, her ways of conventional behavior, so that in these days when the trumpets are blown, and the walls of tradition are down, man is at a loss to comprehend the strange, new creature disclosed to his astonished consciousness. But in the future it is obvious that those things which are of women must be rendered unto women according to their own desires and wishes.

It requires but little observation to realize that, in the matter of household utensils, women have preference for such as are adapted to the purpose intended, and which save somewhat of the constant drudgery of domestic toil. Moreover, women are essentially neat and clean, and likewise have an abiding sense of the value of appearances. So touching the matter of refrigerators, those which present an attractive appearance, are properly constructed, and are easily kept clean, are most likely to find favor in the eyes of the woman buyer.

On the face of affairs it would seem that the sales of refrigerators would cease entirely when the hot season was over, but the scattering sales throughout the remainder of the year tell a different story. Here enters into the problem one of those minor factors, whose existence can be learned only by observation and not by any process of deductive reasoning. It transpires that these sporadic sales are due, to a large extent, to the present custom of often giving refrigerators as wedding presents.

The increasing use of sheet steel instead of wood in the manufacture of refrigerators reveals to the student of the situation one of the far-reaching and profound changes taking place in many lines. Naturally he asks himself, Why this transition? Is it because steel is better or cheaper or more enduring as to wear, or more fitting as to purpose intended than wood? So he becomes acquainted with our national reckless and criminally short-sighted policy of deforestation.

This continued depletion of our stocks of standing timber discloses a vista of steady and growing substitution of steel for wood in

practically every line of business. It prophesies in time the increase of mechanics' and machinists' metal working tools at the expense of the present carpenters' edge tools. Also the lessened use of wood screws and the increased demand for all bolts used for fastening metals together. It even hints at the time when we will be confronted with the serious problem of whether handles for tools and hand agricultural implements can satisfactorily be made of steel.

In the matter of the factors affecting the future sales of refrigerators, most of them seem obviously favorable to a household article which appeals to the growing instincts of sanitation, health, cleanliness, convenience and economy in the mass of people, while only one element of the situation seems adverse—that of cold storage and refrigeration. This seems a remote contingency as affecting the general use of refrigerators, mainly in dwellings. These methods of refrigeration are so far too expensive for other than great commercial purposes, such as cold storage plants.

If the story of refrigerators, as brought forth by the study of the process of their merchandising, carried in its train such far-reaching

Kitchen cook stoves, for coal or wood, are made in three sizes, being numbered 7, 8 and 9 in the order of their increasing size. Number 7, the smallest, is naturally the cheapest, and the least comprehensive as to use. Its sale has been shifting steadily to number 8 for some years. The consequent merchandising problem is to discover whether such shift is permanent or only temporary. In every section of the country the shifting of use from the cheaper to the better and more efficient article is one of the earmarks of increasing wealth and education.

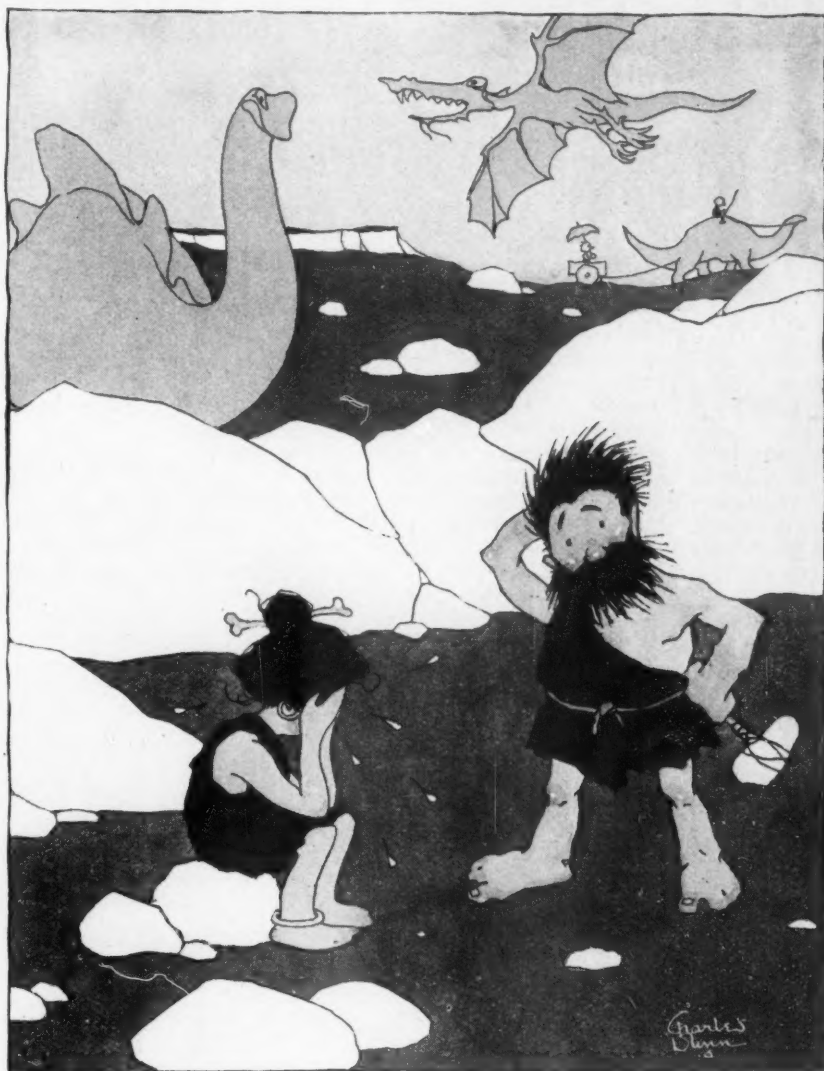
There were two ways to solve this problem. The first and most desirable is by personal study of economic conditions in the south, where the sales records indicate that No. 7 stoves were most largely sold; the other by such literature as is available on the subject, and it is quite voluminous. Both methods lead to the same result and disclose the story of diversified crops made necessary by the invasion of the cotton boll weevil with consequent advance in modern scientific agriculture.

As a complement to this is the recital of the destruction of the Texas cattle tick, and the consequent increase in live stock throughout the southern states. Added to this is the draining of swamp lands, going on steadily, not only thus making available for cultivation the richest alluvial lands in the country, but also banishing malaria and yellow fever by destroying the breeding places of the mosquito whose bite alone makes possible the transmission of these dread diseases. So great has been the advance of the south in the past score of years as the result of these events, both in material welfare and in the means of increased education, especially among the negroes as most needing it, that it is easily seen to be the promising section of the Union for larger proportionate sales, not only in merchandise in general, but especially in those higher forms whose quality and attractive appearance make the greatest appeal to the user.

This same study discloses that the sale, likewise, of coal and wood-burning cook stoves is likely to be affected by the growing demand for coal oil, gas and electric cook stoves and ranges, because of their convenience in use, their greater cleanliness, and the saving of the burden of carrying out ashes. Not only are these things additional evidences of the wonderful growth of sanitation and of the fast increasing field for the articles of convenience in the household, but they lead straight to the great inventions which are making electricity a potent factor in the

growing desire among the people to make life one of less drudgery and of more leisure for the enjoyment of things worth while.

So, in logical sequence, comes the unfolding of much that is foremost in modern endeavor from the study of the decreasing sales of the prosaic number 7 cook stove.



The business man of today is as much puzzled by the mental processes of women as were his prehistoric ancestors.

education in a perfectly simple and logical manner, there is, further, the story of a very humble article—the kitchen stove, whose consideration as to its proper method of merchandising involves the entire history of the southern states, and discloses the status of some of the greatest economic industries of the time.

THINGS SEEN

No. 2—To Subsidize or not to Subsidize; What I Have Learned about Shipping

By ROBERT DOLLAR

A SUBSIDY for American ships has been proposed in Washington. The whole country, as well as the shipowners of America, is very deeply interested in the question. Our ships are laid up in large numbers in various harbors, costing money instead of earning money.

I have been operating ships for a good many years and I feel that I ought to know something about the subject. I have always felt that a shipowner who must have "pap" from the Government does not deserve to be in the business. We do not need any advantage over the other fellow; we can take care of ourselves. But we do ask for an even break—government interference and foolish laws have so far prevented that.

As I said, I have been in the business a good many years. The difficulty of getting vessels to carry the lumber I was manufacturing in northern California caused me first to take an interest in shipping. Rates were high and bottoms hard to get. So we bought the *Newsboy* of about 300 tons, and she paid for herself in less than a year. We then bought several more vessels. That was in 1893.

It is about twenty years since we sent our first steamer to China. It was the *M. S. Dollar* and the result of that voyage was a loss. This convinced me that if we were to make a success of this trade we would have to have an organization on the ground. So I made a trip and carefully looked over the field and, as a result, opened an office in one small room on the Szechuen Road, Shanghai.

A Formula for Success

THIS was certainly starting on a very small scale, but this is my ideal—start on a small scale and work up from a sure foundation. We were forced to move several times to get larger quarters, and we now have our own office building, one of the handsomest in the wonderful city of Shanghai. At present we have eleven offices in the Far East, and each one of them seems to have plenty to do. The same progress has been made in America. Twenty years ago we only had the San Francisco office; now we have five others. Our fleet has grown until it includes thirteen good cargo steamers and ten sailing vessels.

For all this I have absolutely no reason for self-glorification but have to thank a good Providence that has permitted such success.

The necessity for return cargoes made us open our offices in the Far East. We filled the ships with our lumber on this side, but we had to work it so they made a profit both ways. We ran into some queer things in this China trade. When we first began to ship, the Chinese demand was only for the largest timbers. This naturally left a by-product of small boards, but the trade would not buy them. We knew that they took the big timbers and sawed them painfully into boards by hand, yet at first they would not buy the boards ready-made.

Now every successful foreign trader knows that you have to give your customer what he wants, but there is something to be added to that—if you can gradually show your customer the advantages of taking something

better, he will agree to the change. That is what we did with our Chinese customers. We shipped a sprinkling of the small boards, and this gradually created a very good market for them.

Our country is coming to a better appreciation of foreign trade, but there is still need for education along this line. This trade is not merely important to residents of seacoast cities and seafaring folks. Indeed, the man whose interest is in ships should be placed last upon the list of those whose interest in foreign trade is vital. I think those interested should be mentioned in this order: First, the farmer; second, the manufacturer; third, the merchant who has branches or representatives in foreign countries; fourth, the banker who finances and furnishes exchange; fifth, the shipowners who furnish bottoms for the carriage of ocean trade.

The Real Trade Missionary

SHIPS are the best missionaries of trade. Not finding a cargo ready to unload where she has discharged her freight, the ship looks around to find one. She will even go to the length of buying one if she can find one no other way. Here is the way it works:

We will say that one of our ships can buy hemp in Manila at a certain price. We, at the home office, know the price at which hemp can be sold in the United States. If that which she can buy can be sold here at an advantage great enough to give us profit, possibly only enough for reasonable freight rates, it is wise for us to buy it.

We buy the hemp; the ship brings it; we sell it. Thus we get, at least, freight charges for its handling and carriage, and a new trade has been established. See how the vessel has acted as a trade missionary?

You might be surprised to learn that China could sell pig iron to the United States; just the same our ships have built up a nice little trade of this sort. We were stimulated by the fact that the ships lacked cargoes to bring home after they had discharged those which they had carried westward. They are now bringing on each homeward voyage enough to make that voyage profitable. It must be clear that not only our company but the whole commerce of the country benefits.

We sent cargoes to the Philippines some years ago and, in order to make the voyages profitable, brought copra back with us. Before that no trade with the Philippines in copra existed. Now it is a very satisfactory affair, amounting to 20,000 to 30,000 tons a year.

Creating a New Trade

ON a trip to Japan I became convinced that there were possibilities of trade between Hakodate, Otaru and Muroran. We needed return cargoes for our ships. Being pleased with the quality of Japanese oak, I bought six oak railroad ties and took them to San Francisco. This was the first oak ever taken from Japan to the United States. We tried those pieces out by making them into furniture which proved to be satisfactory. We then made contracts to deliver large quantities of ties to the Southern Pacific Railroad Company which was about to start extensive building in Mexico. We bought the standing timber, put in men to cut it and

had it stacked and ready for the time when other cargoes would be lacking. There were plenty of such occasions. Besides the ties, much of this oak was later made into furniture in this country.

To show the freaks of commerce—that year the steamer *Hazel Dollar* took a cargo of Oregon fir ties from Puget Sound to Tientsin, China. Returning she loaded Japanese oak ties for Mexico!

There are plenty of freaks in foreign trade. I recall that some years ago we were in a port in China where we had been shipping back Chinese raw cotton. It was almost unbelievable. I asked our manager if he had investigated this.

"No, sir," he said, "we are getting the trade both ways, and I think we should keep quiet about it."

But I was a little inquisitive, so I went to the man shipping the Chinese cotton and asked him to explain the matter to me. And this is what he said:

"Here is some American cotton. It has long fibers and is very fine and straight. This over here is Chinese cotton which is very short grained and crinkly. By some hocus-pocus that I cannot explain to you, I ship this Chinese cotton on your ships, and when it gets into the New England factories it is converted into wool to make all-wool clothing."

Some War Tales

THERE are dangers and adventures about this business, too. During the Russo-Japanese War in 1904 we chartered the steamer *M. S. Dollar* to carry a cargo to Vladivostok for the Russian Government. Finding the La Perouse straits blocked with ice, there was nothing left for her to do but try to make it through the Straits of Tsugaru. She lay far enough out so that her smoke could not be seen, and on a very thick, stormy night she put out all her lights and made a run for it.

The two Japanese gunboats guarding each end of the straits had been warned to watch out for her, but, strange as it may seem, she got by them without being seen. The straits are 12 miles long and only 3 miles wide.

The captain had been promised a fat bonus by the Russians if he got through, and he was pacing the deck after he had cleared the straits figuring what he would do with all his money. His castles in the air were interrupted by the beam of a searchlight on the ship, and soon afterwards a cannon boomed a polite invitation for him to stop. The signal was obeyed. Japanese officers and armed marines came on board—they were from a warship which had accidentally discovered the steamer.

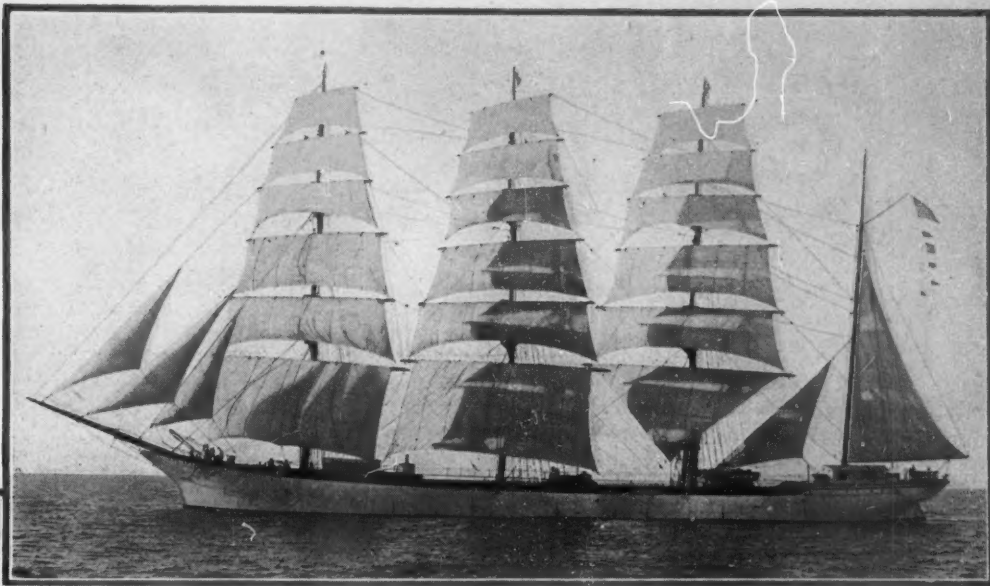
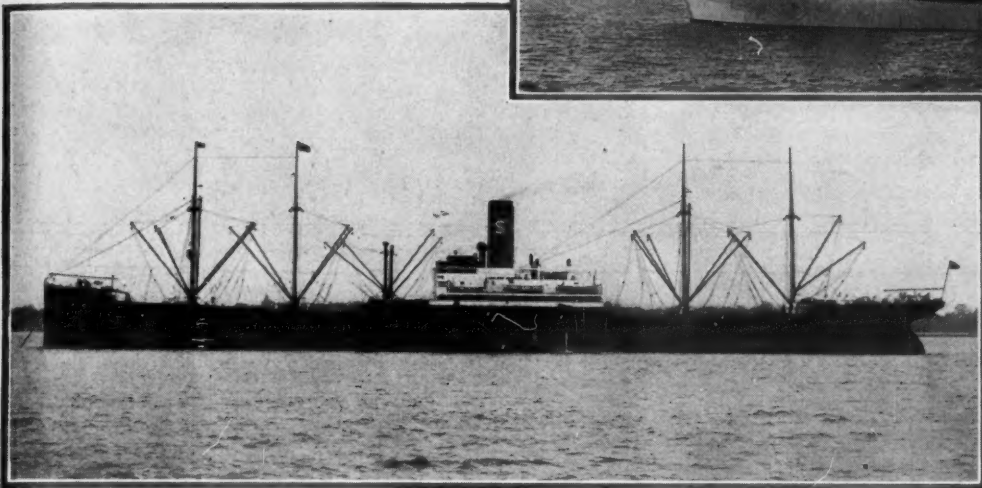
The steamer was taken to near Yokohama for the appearance of her officers in prize court. The captain was the only one on board who knew her destination and he refused to tell. Her papers simply showed her destination as Moji. My son, Stanley, had arrived in Yokohama but knew nothing of the capture until an officer placed him under arrest, stating that next day he would be taken before the prize court. When he came before the court the judge said:

"You got a letter at the Kobe postoffice from San Francisco; I want to see it."

The letter was handed over and the judge read it.

"This letter," said the judge laughing, "is from your father and he tells you that this vessel is going to the Orient; the Orient is a very big place. Your father must be a very astute old gentleman. I should like very much to meet him."

Finally the captain made a clean breast of it and was released. Stanley asked the commandant of the Navy Yard if he could take a souvenir off the ship, and the commandant asked what he wanted. My son answered that he would like to have the ship's anchors and chains. The commander protested seriously that he could not allow those to be carried off but was kind enough to let Stanley have a silver sugar bowl which had his mother's name on it.



Types of vessels that carry the Dollar mark to every corner of the earth. The sailing ship above is the "Mae Dollar" and the steamer at the left is the "Robert Dollar."

That ended for the time being our connection with this fine vessel. We had her insured against loss from war risk for \$180,000, which the insurance companies paid. The Japanese used the steamer for a troopship during the war, after which she was put up at public auction. I bid her in for \$55,000.

Our company ran into the World War soon after it started—before the battle off the Falkland Islands. Some weeks before this engagement the *Robert Dollar* left an Atlantic port with a full cargo of steam coal ostensibly destined for Manila or Batavia. Her charter provided that she should call at Pernambuco for orders. The moment I read the charter I thought there was something wrong, but the steamer was at sea by that time and nothing could be done.

Luckily Captain Morton, her commander, was a staunch Britisher and was also suspicious. Instead of going into Pernambuco he lay off the port. A small boat carrying three Germans came out to the ship. They ordered him to Montevideo, off which the German fleet was lying. Captain Morton flatly refused to obey the alleged orders, whereupon the Germans offered him \$5,000 in gold if he would steer the vessel south.

That was a little too much for the captain, and the result was that three badly mugged-up Germans went down the ship's side faster than they had come up, and the *Robert Dollar* steamed off for the China Sea. So the German fleet went hungry for that coal and soon after was at the bottom of the sea. This incident was later the subject for a story by Peter B. Kyne in the *Saturday Evening Post*, entitled "Ireland Uber Alles." You might have read it at the time.

There was another war problem later that I had to take hold of and manage my-

self. In May, 1917, I was in Shanghai. One fine morning I received a cable from the British Commodore at Hong Kong saying that he had commandeered all our steamers and asking when and where we would deliver them. Our ships were then under the British flag, since the Seamen's Law had made it impossible for me to operate them under American registry. After wiring the Commodore I went aboard the *Bessie Dollar*, which was ready to sail, and went to Hong Kong, where I immediately called on the Commodore. He was very nice about it all. In answer to a question he told me that he wanted our vessels to carry coolies from North China to Vancouver for transportation to France.

"Would it be satisfactory," I asked, "to allow me to do the work for you and use the space in the ships not otherwise needed?"

He said such an arrangement would be entirely satisfactory but that I had overlooked the very important matter of compensation. I then dictated a letter to him stating what I had agreed to do and stating that I would leave the compensation entirely to the Admiralty in London. He was a very much surprised man.

"What if they pay you \$1 for each ship?" he asked. I replied that this was war time and that I would stand by my offer.

The following day he sent for me. He said that in justice to me he had cabled my entire letter and that he had the reply from London. This reply was entirely satisfactory; in fact the price they set was considerably more than I would have asked! The business, along with the freight that we carried, turned out to be all that we could have expected. No prospect could have been more dismal than the loss of all our ships, with

the resultant paralysis of our Far Eastern business.

Such things as this illustrate how a man in our business has to think and work fast at times. He also has to look ahead as well as he can. In November of 1917 I saw "breakers ahead," and I asked the Russian, British and Canadian governments to release the *Robert Dollar* Company of its obligations in running steamers to Vladivostok with war materials. We had to keep after them and finally got permission to discontinue sailings. And it was not a day too soon. The last vessel, the *Bessie Dollar*, just did get out without delay. Steamers arriving after her were diverted to other ports.

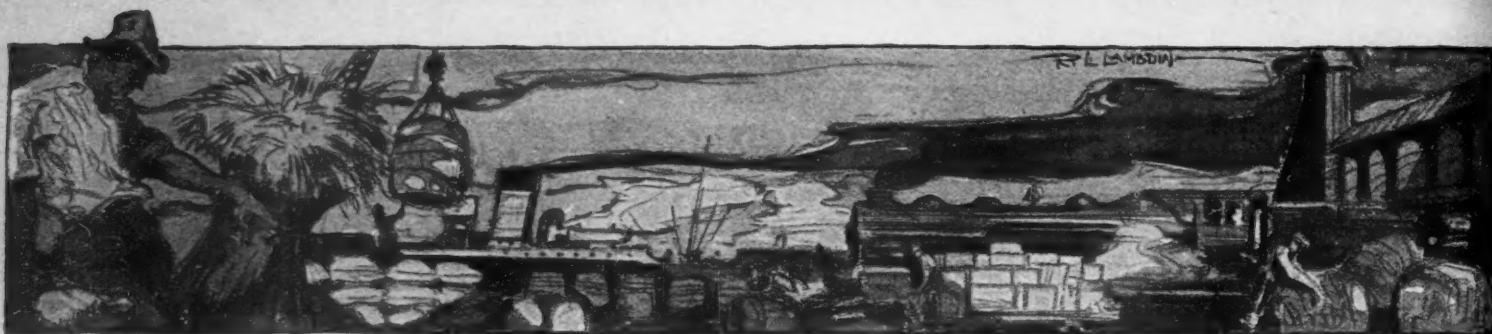
All the physical dangers of our trade are not confined to war times. China is unfortunately cursed with bandits, and they do as much harm to commerce as they can. On one of my trips to Ichang on the Yangtse River I found that our office, along with the rest of the town, had been looted and the contents destroyed. The same thing had happened six months before. We replaced everything and were soon doing business at the old stand.

Too Hot for the Bandits

BECAUSE of those lawless bands our steamers that run on the river had armor plate to protect the captains and pilots. At Li fu Chang bandits on shore fired a volley at our steamer, but none of them pierced the armor plate. The boat had some marines on board and with their machine guns they made short work of the bandits. Eleven bodies were seen to float by. This action gave our steamer a clean bill of health at the place and she has not been molested since.

Near here are two statues cut into the solid cliff. They represent an honest man and his wife. From the reception our steamer got there we must assume that even in olden times an honest man and his wife were such a rarity that their memory was perpetuated. It is refreshing to know that centuries ago there was an honest man in this den of bandits.

Editor's Note: This is the second of a series of business memoirs by Captain Dollar. The third, which has to do with the Far East, will appear in an early number.



What Is a False Label?

MISBRANDING is an unfair method of competition such as the Trade Commission can stop, if the label may mislead the ultimate purchaser. This is the decision of the United States Supreme Court handed down on April 24 in the so-called hosiery case, even though not hosiery but underwear was chiefly involved. Shirts made of wool and cotton were labeled "natural merino," "natural wool," etc. When there is deception of the public primarily due to the words used on a label, it is to the interest of the public, the court said, that the commission should initiate a proceeding to put an end to its use. In such a label there is unfair competition, too, with manufacturers of shirts of mixed materials who correctly state the materials on their labels and with manufacturers who use only wool.

The lower court had held differently. It had said that the terms used on the label had become well known in the trade, that the manufacturer had consequently not deceived the only person with whom he dealt, the retailer, and that the manufacturer should not be held to account if the retailer did not tell the truth to the man who bought for himself a new shirt. This argument the Supreme Court said was unsound, for the label was literally false, was calculated to deceive, and did in fact deceive a substantial portion of the purchasing public. That deception, the court declared, is due primarily to the words on the label and not to deliberate deception by the retailers from whom the consumer purchases.

Immediately afterward, the lower court with which the Supreme Court had disagreed in the hosiery case dealt with the so-called baking powder case. In this second case the lower court interpreted the Supreme Court's decision as establishing "the principle that advertisements which are false in fact constitute an unfair method of competition, although it was one commonly practiced and not intended to mislead the trade. The labeling of commodities in such a way as to deceive the public is an unfair method of competition. . . . It is now made plain that the statute has vested the commission with jurisdiction to order anyone who misrepresents the quality of his goods in his advertising to cease and desist."

In the baking powder case the lower court acted accordingly. It upheld the Trade Commission in saying that after a manufacturer has established a reputation for a product he cannot change the materials and put the new product out under labels which will cause the public to confuse the new article with the old.

Trade associations have been working for the standard set by the Supreme Court in the hosiery case. The association to which 75 per cent of manufacturers of underwear belong had earlier declared it improper to use the label which was in question and advocated other and correct labels. The Silk Association of America considers proper labeling so important that its attorneys filed a brief in the Supreme Court in support of the Trade Commission's position.

A Question of Authority

RAILROAD WAGES, a federal judge held at Chicago in the third week of April, are as much subject to the regulatory power of Congress as railroad rates. This power, he indicated, has not been yet fully exercised by Congress; for in the legislation creating the Railroad Labor Board, Congress went only to the point of making the board's decisions advisory, and to be supported only by the power of public opinion.

The point most directly involved in the case is the question

of the Labor Board's authority to fix the procedure which is to be used by a railroad in finding whom its employees desire to represent them in the negotiations about matters of industrial relations that, under the law, are to be conducted before a controversy goes to the Labor Board. When one of the railroads refused to follow instructions of this sort on the ground that the board exceeded the powers Congress gave, and the board prepared to issue a condemnatory statement, the road sought and obtained a temporary injunction. Without waiting for hearings on the question of making the injunction permanent, the board asked that the whole proceeding be thrown out of court. This the judge refused to do, thus apparently leaving the way open for more legal arguments before a final decision is reached.

Telephone Diplomacy

DISTANCE bids fair to disappear, so far as ease of communication goes. The other night, when a government official had gone to bed, his telephone rang. When he turned out and went to the persistent instrument he found on the other end of the wire a government representative in a foreign country who, from his post of duty, proceeded by word of mouth to deliver a message of commercial importance. When things reach the point that an official in Washington converses with all of his assistants, wherever they may be, things are going to be pretty lively for the Washington executive.

Where Do You Want Prices to Stop?

THE PRICE LEVEL in recent years has had universal and unremitting public attention. The Secretary of Agriculture recently told an organization of women voters that there are at least two sets of hopes about the future of the price level—the hopes of persons with fixed incomes, who want to see it go back to the pre-war point, that is, to its earlier relation to their incomes, and the hopes of persons who went in debt during the last five years and of farmers, who would like to see the level at a point roughly 60 per cent above the pre-war figure. The Secretary of Agriculture joined in hopes of the latter sort.

Almost at the same time the Secretary of Commerce concluded, on the basis of price indices, that wholesale prices appear for the present to be stabilized at an average level of about 50 per cent over the pre-war figures, with a continuing decline in retail prices.

Home Owning Not a Lost Habit

IS home owning a lost ambition? Are we becoming a nation of cliff dwellers and renters? Not if we put faith in the figures compiled by the lately established Bureau of Housing of the Department of Commerce.

Of sixty-eight cities of more than 100,000 population but twenty show a loss in percentage of homes owned between 1910 and 1920 (the figures are from the Census Bureau), and the losses are more than offset by the gains of the other 48. Of the twenty where losses were recorded, four, Detroit, Cleveland, St. Louis, and Los Angeles are in the first ten cities in point of population.

Although in New York more homes are owned than in any other city the percentage is the lowest, but 12.7, yet even here the percentage has grown from 11.7 in 1910 and 12.1 in 1900. Manhattan presents the most striking situation. With more than half a million homes, less than 11,000 were owned, little more than two per cent.

If home owning be a form of civic virtue, then Des Moines may gather her chaste skirts about her as painted Manhattan



passes, for the Iowa paragon among cities shows a percentage of home ownership of 51.2, a growth from 45.6 per cent in 1910 and 38.5 in 1900. In only one other community of more than 100,000 inhabitants are half the homes owned and that is Grand Rapids, Michigan.

It would be hard to draw any lesson from the figures save that we are not turning from home owners to home renters as rapidly as many had thought. There seems to be no geographical rule. It is true that the cities of low percentage run in this order: New York, Cambridge, Boston, Fall River, Jersey City and Newark, but Reading, Baltimore, Rochester, Camden, Philadelphia, Buffalo and Wilmington are near the other end of the scale. San Francisco has about the same percentage as New Haven and Chicago.

Two-Way Taxes

REFUNDS OF TAXES are mounting to pretty large figures, for the federal government. Five months ago it was estimated that refunds of amounts improperly collected both in import duties and internal taxes would aggregate \$40,000,000 by June 30, 1922. The Treasury now puts the probable figure at \$93,000,000. Perhaps we shall sometime attain a situation such that the amount of taxes will be determined before they are paid, and thus both make the government's revenue certain and avoid requiring taxpayers to produce hard cash in excess of their proper taxes.

A Question of Guilt

A MAN desiring to put up a building confers with a prominent union official and voluntarily offers to give him \$15,000 for insurance against strikes. . . .

"An architect testified that it was the rule for his office to add a certain fixed percentage to the estimated cost of a building to cover payment of graft. . . ."

These are from the reports of a special grand jury which investigated building conditions in one of the largest American cities. Who bears the bigger burden of guilt, the leader of labor or the builder and architect? The taker of the dirty money or the giver?

Said this grand jury:

"We believe that the men who have paid this tribute and have passed the burden along to the unprotected public are no better than the men to whom the bribes were given. . . ."

No better? They're worse!

Progress in Commercial Arbitration

COMMERCIAL ARBITRATION is making progress in Finland. A court of arbitration at Helsingfors, appointed by the Finnish Central Chamber of Commerce, began with one case in 1911 and has had a steady increase in business to thirty cases in 1921. About three-quarters of the cases turn on trade disputes and the others raise questions of trade customs.

Feather-Bed Currency?

MR. EDISON has stood the American bankers up in a row and bombarded them with twenty-one questions regarding the gold standard. Most of them responded bravely, but we doubt if Mr. Edison is yet convinced. No one who develops a theory about money ever is convinced that any other theory is right.

Darwin P. Kingsley, president of the New York Life Insurance Company, answered Mr. Edison in *The Nation's Business* for May, and yet only the other day we opened a New York Life

envelope and in it was a long letter which set out to prove that Mr. Edison was right.

Have any of the millions who voted for free silver in 1896 come over to financial orthodoxy? Was Coin Harvey of Coin's financial school ever converted by the thunders of the faithful?

But fiat currency always has an appeal. Out of the pages of *The Outlook* there leaps at us a scheme on which to base the financial reform of Europe:

I estimate that the six million inhabitants of Austria have six million feather beds (not counting the spare rooms). These six million feather beds are worth, say, \$20 apiece, or a total of \$120,000,000, yet no one ever thinks of selling a feather bed or a "down" bed, worth much more. A feather bed is a commodity having a gold exchange value in the principal markets of the world; any calculation will show that they are worth in Austria much more than the entire value of their paper money. I haven't thought to follow this fluky thought further, but the possibilities of using feather beds as currency instead of paper (about as bulky) might engage the attention of our near economists.

A glittering thought. Give us the feather-bed standard. Bring the hoarded feather beds out of hiding. But first, what is the per capita circulation of feather beds in the United States?

Next Year—A Deficit

A DEFICIT of \$359,000,000 will be faced by the federal government for the twelve months ending with June of next year, according to the Treasury's latest computations. For the year ending with this June a surplus of receipts over expenditures is expected by about \$47,000,000.

The Treasury's estimate of the deficit for next year has about doubled since December. Less receipts from all sources by \$47,000,000 are now figured, and larger expenditures by at least \$145,000,000.

Industry's Migration

TWO CENTURIES ago Bishop Berkeley served notice on the world that "westward the course of empire takes its way." A century later John Quincy Adams changed "course" to "star" and said it all over again.

Neither of them paid much attention to the westward motion of the star of manufacture, but the United States Census gives us an interesting indication of the change. Fifty years ago the Atlantic Seaboard States from Maine to Florida furnished 68 per cent of the manufactures of the country. In 1920 they furnished slightly less than half. The great gain has been in the middle west, in Illinois, Michigan, Indiana and Ohio.

What takes industry to these lake states? Coal and iron largely. Water-power isn't the answer. Illinois, Indiana, Ohio and Michigan together have only as much as Alabama or North Carolina, less than West Virginia and half as much as New York. If water-power solved the problem of the location of our industries, the Pacific coast would be swarming with factories. Washington, Oregon, and California have hydraulic resources of more than 23,000,000 horsepower, while the New England States, New York, Pennsylvania, New Jersey, Ohio, Indiana, Michigan, Illinois and Wisconsin, used only 26,000,000 in 1918.

Industry and population do not seem to move exactly hand in hand. The center of population has been hanging around in Indiana more than thirty years before the manufacturing center had shifted. The center of power use in the United States is about at Marion, Ohio, or at least it was when a distinguished citizen of that city came east to spend four years. It may have shifted a little since then.

Congress in Its Lighter Moods

Painlessly Extracted from the Congressional Record

IT IS rarely that Congress can turn from tariff and taxes to art, but when it does we listen gladly. The House of Representatives has before it a resolution to re-erect before the Court House of the City of Washington the statue of Abraham Lincoln. Mr. Moores, of Indiana, sets out to draw the line that divides art from mere photographic accuracy.

Mr. MOORES.—It was not a beautiful thing to look at. It never was a work of art. It was carved with absolute truth and accuracy by a stonemason, Lot Flannery, who had the stone-yard right across from the Capitol. It was the only statue that Lot Flannery ever made. He was a man who carved gravestones and put names on them. The pedestal was so high that the features were always distorted to one who was passing, but the statue is not a work of art. Let me explain for a moment. If it were possible to make a plaster cast of me as I am speaking now or of any one of you as you are sitting in your seats, it might be a good likeness. It might be absolutely true to nature. Yet I can fancy that any one of us looking at the plaster-cast portrait would be humiliated and ashamed.

It takes a sculptor who is an artist to make a statue which shall be a work of art, and this statue never was a work of art. It is reasonable and fairly accurate.

We had a statue of George Washington, not a work of art but not a bad piece of statuary, which stood in front of the Capitol. Many years ago it was removed without a protest from anyone to a better location for it. I think it is now in the National Museum. Any one of us can see it there. It is worth seeing. It is not a bad portrait of Washington. It is not a work of art.

Mr. KING.—There has been great confusion in this House, confusing Martin Flannery with Lot Flannery. They were brothers and had a studio on Massachusetts Avenue. Martin was the man whom the distinguished gentleman from Indiana [Mr. MOORES] is criticizing unwittingly when he says that he was not an artist. Lot was an artist.

Mr. MOORES.—Until three or four weeks ago did not the name "Lot Flannery" appear over the door of this marble yard, where they make gravestones, right across the street out here?

Mr. KING.—I think his name appears there now. That, of course, is a remnant of the business. He did have a studio there at one time, but he never had anything to do with the monument business at any time in his life. His brother ran the gravestone business. Lot was an artist, and did the work of that concern, so far as statues were concerned.

Mr. GREENE of Vermont.—Mr. Chairman, will the gentleman yield?

Mr. KING.—In a minute, I expect to reach that point—yes, I yield.

Mr. GREENE of Vermont.—Oh, if I am interrupting some line of thought, I would rather have the gentleman continue than to express my own.

Mr. KING.—I yield to the gentleman, even though he was committing such a dastardly act as that.

Mr. GREENE of Vermont.—I wondered whether the committee, in contemplating the possibilities that lie in the aesthetic culture of Washington, had ever given the benefit of its valuable thought to some measure for removing that mass of pottery we have on the front portico of the Capitol? There are all sorts of alleged statues there, and I am sure some of

them ought to have come out of a brick-yard or a pottery.

Mr. KING.—The gentleman will understand that this statue to which I refer is one of pure white marble. . . .

It has been stated that Lot Flannery was not an artist. His name may appear over the door of the marble yard. He is not there any more. For many years he lived there. He is an old man, now close on to 90 years of age. Evidently they are selling out the marble yard, and I hope some enterprising financier will erect an apartment house on that old lot, because we all need it. That is made incidentally as a utilitarian suggestion, and nothing else. However, if you will go to the Government Printing Office, in the main entrance hall there you will find a marble bust of Benjamin Franklin, which was created by Lot Flannery, the artist, and his name is upon it.

Mr. MOORES of Indiana.—Does the gentleman favor or would he be in favor of keeping that hideous caricature of Du Pont in Du Pont Circle, removed some time ago, but which stood there for about 80 years?

Mr. KING.—Well, I never thought it was such a caricature of Du Pont. It certainly brought into the public mind things which the present statue there does not bring up. Admiral du Pont had clothes on him as a statue in the circle. . . .

This statue [of Lincoln] has been fifty-six years on the outside now and can stand it for a longer time. But he wants to put him in an inclosure in a museum, and make him a sort of character like a curiosity in an Eden Musee.

Greenough's statue of Washington is in a museum, and perhaps it ought to be. It has peculiar features about it. In that bust they have taken off the clothes of George and have put him in the situation, so far as the clothes are concerned, of a Roman gladiator. As an anatomical statue it was good. You could count his ribs on both sides and other parts of his upper anatomy. That statue ought to be in a museum. It ought to be put into a medical school. I agree with the gentleman on that. But this Lincoln statue is an entirely different proposition.

Why Bother with the Bill?

DEBATE covers a multitude of things. This is the way it ran the other day in the House of Representatives, taking up ten pages in the *Record* with a minute at the beginning and another at the end to discuss the measure before the house, a bill to sell certain land in the District of Columbia:



Mr. JOHNSON of Kentucky.—During the last two or three District of Columbia days in the House the time has been spent in discussing what is known as the pawnbroker's bill. . . . A diligent propaganda has been at work. . . .

Mr. COOPER of Ohio.—My purpose in rising at this time is to say a word in behalf of Mr. — who has been attacked on this floor. . . .

Mr. HUMPHREY of Mississippi.—A few days ago I saw a telegram from Mr. Barcelo, the president of the Porto Rico Senate, addressed to the Resident Commissioner here. . . .

Mr. RANKIN of Mississippi.—I wish to use the five minutes allotted to me to enter a protest on behalf of the 600,000 ex-service men. . . .

The CHAIRMAN.—Debate on this bill is exhausted.

A Report From Farmer Lodge

FREE seeds stir Congress each year when the bill making appropriations for the Department of Agriculture is up.

Mr. LENROOT of Wisconsin.—Mr. President, in my judgment, if it were not for the fact that Senators and Members of the other House have control of the distribution of free seeds to our constituents, the appropriation for the distribution of free seeds would have gone out of this bill long, long ago.

Mr. REED of Missouri.—It is cheap claptrap to say that Senators and Representatives desire this appropriation because it benefits them politically. I do not conduct my campaigns with either garden seeds or chicken feed.

Mr. LENROOT.—If the Senator will yield there, I will say that I think any Senators and Representatives who think it is of political advantage to them are mistaken.

Mr. REED.—I am not talking about it on that narrow ground; that is the ground that has been chosen, however, by the great seed companies on which to make this fight, the companies which charge 25 cents for a package of seed peas, and there are only four peas in the package.

Mr. LODGE.—All of the seeds which are distributed are bought from the great seed companies by the Government.

Mr. REED.—Yes; but they are bought in bulk, and they are not paid for at the rate of 5 cents a pea.

Mr. LODGE.—And a third of them do not come up.

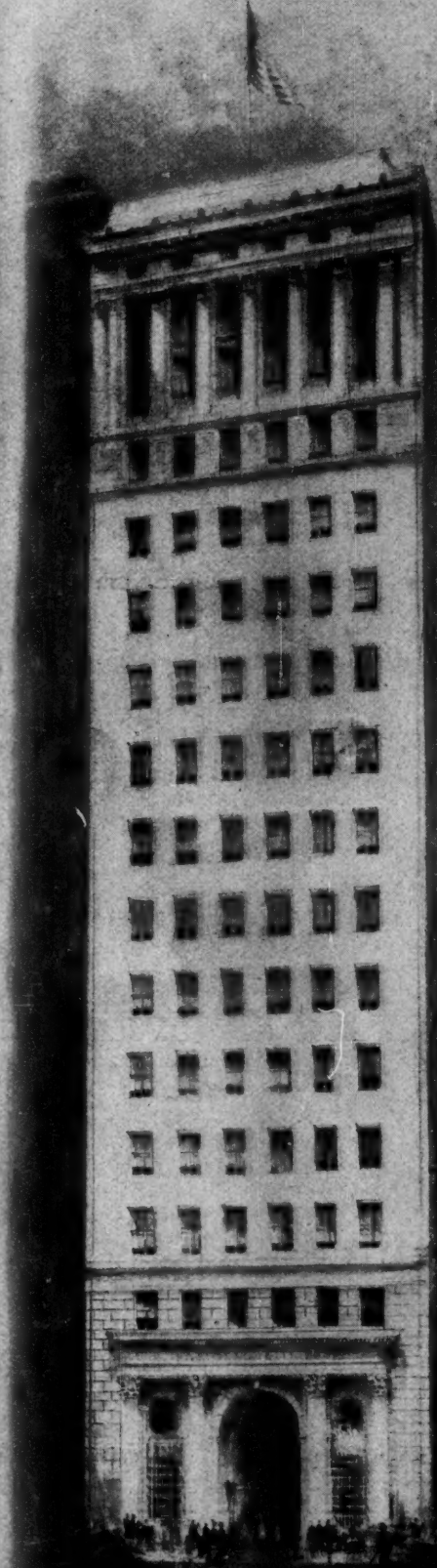
Mr. REED.—Very well; if a third of them do not come up, that is an indictment of the Agricultural Department, for if the Agricultural Department is so foolish as to expend the people's money in buying seeds that will not grow, then we had better get a new Secretary of Agriculture and a new force of assistants clear down the line.

Mr. LODGE.—Mr. President, I did not know it is the fault of the Agricultural Department; but three or four years ago, as a matter of curiosity, I took some of the flower seeds and some of the bulbs and tried them. I had them planted under the best possible conditions, and the best possible care was taken, but more than 30 per cent never came up at all; they were very poor seed and poor bulbs; they were poorer even than the variety of seeds bought from the seedsmen.

Mr. REED.—I will ask the Senator if he has ever tried planting any seeds he has obtained from seed stores?

Mr. LODGE.—I have. I have never planted anything else, as a matter of fact, except that one time when I tried the seeds furnished by the Government; but they are worse than seeds supplied by seedsmen.

ELIMINATING EXTRAS IN BUILDING



EXTRAS are unknown in our building contracts. We prepare our architectural drawings and specifications with a degree of proficiency and accuracy which permits us to guarantee that the project is fully covered at the start and that unexpected expenses will not develop during the progress of construction. We assume one contract for both architectural services and building construction and before work is begun give the owner a definite limit of final cost for the entire building.

This means that we undertake a financial responsibility which under ordinary practice is not assumed by either architect or contractor.

No extras—a specific example

Not once during the construction of the sixteen-story building shown on this page did we go to the owner for an extra allowance because of a mistake in drawings, or because something was forgotten, or because certain construction had to be taken down and changed, or because our specifications did not include what they were suppose to include—or for any other reason.

This freedom from extras is one of the advantages of our organization and experience. It makes it possible to build on a business basis.

HOGGSON BROTHERS

Architectural Design and Building Construction

NEW YORK & CHICAGO

COMMERCIAL BUILDINGS DESIGNED AND CONSTRUCTED

This Radio Business!

By WARREN BISHOP

ONE home in every six in Pittsburgh is equipped with a radio receiving apparatus."

That statement was made by a man who has given much time to a study of the manufacturing problems of this industry.

That city, he went on to explain, probably represents an extreme of radio use—the nearest that any community has come to a point of saturation. There are plain reasons for this. Pittsburgh was something of a pioneer in radio broadcasting and, moreover, Pittsburgh is a city with a large population of skilled mechanics, of men who not only knew how to do things but who enjoyed doing things.

With that Pittsburgh figure as a basis, nothing could be simpler than to take pencil and paper and figure out millions and billions waiting to be gathered in.

Let's see! A hundred million people in the United States, twenty-four million families, one in six needs a radio set, that's four million sets. Fine! Multiply that by the average cost of a set and you've got a hundred million dollar industry or a billion dollar industry right at hand.

From quite another source comes this:

"In Detroit alone it is estimated by jobbers that between 40,000 and 60,000 receiving sets are in daily use."

How do those Pittsburgh and Detroit figures hang together? Pittsburgh had by the 1920 census 130,000 homes, and one in six would mean 21,700 sets. Detroit had 220,000 homes, and take the smaller estimate just given and you'd have a radio receiving set in every five and a half homes.

Detroit also was something of a pioneer in radio broadcasting and is, like Pittsburgh, a city full of men with mechanical skill. So conditions are not unlike, and the figures give an idea of the progress of the industry.

Plenty of Demand Here

THE National Retail Dry Goods Association called a radio conference not long ago to consider ways and means of meeting the demand and in a preliminary announcement of the meeting was this statement:

Radio is now recognized as a merchandising opportunity of the first order with \$70,000,000—one per cent of the \$7,000,000,000 total yearly sales by department stores—as the conservative estimate of the sales volume ready for exploitation.

In the same announcement is the statement that sales of radio apparatus in many of the large stores of New York, Chicago and Pittsburgh "average from \$5,000 to \$6,000 weekly."

Here's another view which has been put forth. There are 6,000,000 phonographs in this country. There ought to be at least as many users of radio receiving sets, and radio receiving sets average \$50 each. There you have it, \$300,000,000 worth sold or to be sold in say the next half dozen years.

How much of that more or less mythical demand for three or four million sets has been filled? Again no one knows. Secretary Hoover not long ago said that there were 600,000 radio receiving sets in use in the United States. But Mr. Hoover didn't guarantee that figure. It might be 150,000 or 400,000 too low, or it might be too high.

The Newest Big Business

ADVERTISEMENTS of houses for sale which read: "Each house equipped with a radio phone."

Pages in the daily papers announcing radio concerts and answering radio questions.

Department stores displaying counters full of radio equipment.

These are some of the things that set us to asking:

"Who is doing all this?"

Here is a part of the answer. It's a hectic business which has not found itself and which is worried over its future, puzzled to know how much will be permanent and how much is passing fad.

THE EDITOR

Here's another figure from a publication devoted to radio:

"Today (this was written in April) there are said to be not less than 700,000 radio enthusiasts using at least 200,000 receiving sets." A figure which does not fit very well with the estimates for Detroit and Pittsburgh or the one for the whole country made by Mr. Hoover.

We have, however, one record which gives us some idea of the rapidity with which this business grew. The sudden spurt in radio broadcasting began last fall. Up to that time the great development of wireless seemed to be in the line of communication, particularly across the oceans and with equipment costing thousands and millions of dollars.

Then central stations began to sing and make speeches and retail news throughout the air, and almost overnight the whole complexion of the business changed. This broadcasting and the desire of hundreds of thousands of men and women at least to try a new sensation created a demand for the vacuum tube type of receiver. The Radio Corporation of America has the patents for these vacuum tubes, and their production story is an index of what has happened in the business of making radios.

For the first eleven months of last year the factories that make these tubes for the Radio Corporation turned out some 5,000 tubes a month, and that was an overproduction.

Then in one or two territories the craze for broadcasting began. With the end of the year, the production of tubes was jumped to 40,000 a month and the following month to 60,000, still more than enough to meet the demand. Then came the real avalanche, due to the further expansion of broadcasting. That was in February, and by the first week of that month a plea was made to the factories to turn out 75,000 tubes that month. They almost did, and in March they passed the 75,000 mark with expectations of going beyond 175,000 in May.

(A story having to do with radio ought to be dated, almost timed. This was written the middle of May and, by the time you read it,

much of what has been written may be upset or made to seem trivial.—THE EDITOR.)

Here is the way that E. P. Edwards, manager of the Radio Department of the General Electric Company, tells the story of the appetite that couldn't be met:

"A year ago, the needs of the radio amateur, with his little transmitting or receiving station, were considered an interesting sideline. This company did a comfortable business selling transformers, tubes, sockets, rheostats and other parts of apparatus to the amateur or person interested in assembling his own set, perhaps bit by bit, on the kitchen table.

"At that time about 90 per cent of the demand was for component parts of the radio set and not for the assembled set. Then broadcasting came along and everything changed. The radio amateur became the big part of the business, and the amateur suddenly began demanding whole or assembled sets and not parts. This amateur was not primarily a mechanic; he wanted music and entertainment of other sorts in a hurry and without too much trouble. The demand for assembled sets became 90 per cent of the radio business, although the demand for component parts became much greater than the demand a year ago.

"The General Electric took immediate steps for quantity production. Seventy-five per cent of the company's tool makers were set to work constructing the 108 special dies, tools, jigs and other fixtures required for standardized production. This will make possible the production within a very short time of 8,000 to 10,000 receiving sets per month.

"The company has just started in the production of its tube set which is being manufactured much the same as sectional bookcases in that it can be added to from time to time as the amateur desires to reach out farther and farther into the ether for signals. Small and inexpensive crystal sets have been turned out at the rate of 500 a week for the past month or six weeks.

The Growing Industry

A YEAR ago this company was authorized by the Radio Corporation of America, holders of the licenses under which vacuum tubes are manufactured and sold, to produce the detector and amplifying tubes at the rate of approximately 10,000 a month. Nine-tenths of the demand is for these two style tubes, known as Radiotrons 200 and 201.

"This rate of production was reached February, 1921, and maintained until the middle of the summer, at which time it was found necessary to reduce the rate to approximately 5,000 tubes a month because the market was not absorbing the production. The rate of 5,000 a month was maintained until November, 1921.

"Then broadcasting hit us. After that, week after week, the demand soared skyward and production also soared, but it was absolutely impossible to keep abreast of such a sudden and unexpected movement.

"When I appeared before Secretary Hoover's radio conference in Washington four or five weeks ago, I estimated the demand for tubes was at the rate of 90,000 a month. We were then producing 60,000 tubes a month. Today we are turning out 160,000 a

Keeping Overhead Underfoot

Lubricating the wheels of industry to increase production

This is, above all else, the day when that old-fashioned idea, "Take care of the pennies and the dollars will take care of themselves," is pretty good doctrine—when it is indispensable that overhead shall indeed be kept underfoot, so that it cannot push up costs and interfere with sales.

The big questions today are how to make goods more economically and how to sell them more efficiently. Bowser service helps American industry attain closer economies of operation—that is why every executive will directly profit by knowing Bowser practice.

Right here is a good place to say that, if you look upon Bowser only as symbolizing the most efficient system for storing and dispensing gasoline, we hope you will dig deeper into the facts, for our service goes very much further.

It is true, we do supply what we think is the best gasoline-dispensing system. We also supply apparatus for dispensing lubricating oil, the most conspicuous example of which is our new "Lube-ster," an oil pump-and-tank device that you will find on many filling station curbs today. It is advertised to serve a quart of oil in 10 seconds, and does it.

But we go very much further than merely to facilitate the individual transportation of busy executives. We manufacture systems used for the storage of oils of all sorts, both for lubrication and burning, for railroads, factories, steel plants and industrial institu-

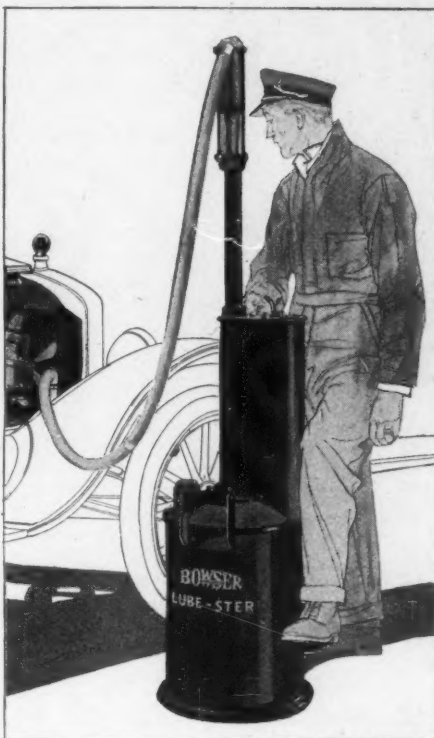
tions of all kinds and sizes. We manufacture special apparatus for handling and dispensing varnish, paint oils, shellacs, and still make kerosene-handling outfits. This kerosene-handling outfit is the modern development of that first crude outfit—the very outfit on which Mr. Bowser founded this business in 1885. In fact, this

your standpoint, for they are equipped, by experience and training, to pick out the spots in your plants where money is leaking out, through inadequate oil-handling systems. Our men thus concentrate on stopping industry's leaks—in seeing to it, as we said in a recent trade paper advertisement, that you are able to "use *all* the oil you buy."

If one of our men tells your plant engineer that you need a certain size tank, you can depend upon it that that tank is neither too large nor too small. If he tells you that you should have a quart size pump for dispensing oil, rather than a gallon measure, you can take his word for it that the smaller size is adequate.

The importance of this high type of service is obvious, for it directly leads to efficiency and economy. In a word, it is Mr. Bowser's life's ambition to give to American industry the apparatus for handling, dispensing and economizing in the use of lubricants of all sorts.

It would be a great pleasure and satisfaction to have correspondence and calls from those leaders of industry who feel, as Mr. Bowser does, that better methods mean better products. Our experience of over 37 years is at your service. In another column is set forth the foundation platform of this business as enunciated by Mr. Bowser. We invite the world to judge Bowser service by Bowser ideals.



The "Lube-ster," as shown in our advertising in *Saturday Evening Post and Literary Digest*

kerosene outfit, with self-measuring pump, was Mr. Bowser's original "big idea."

But this page is not intended as a catalog of Bowser products or of Bowser achievements. Our aim is to establish in the minds of all who read *The Nation's Business* the idea of Bowser service. When our representatives call on you, we want you to think of them as ambassadors of an ideal, rather than as salesmen of a product.

Of course, our men call with the idea of selling you what you need, in the way of tanks, pumps, filtration systems, etc., but that is really of secondary importance from

EVER since I built my first measuring pump in 1885, I have guaranteed that Bowser products were rightly built, and of the best materials. Good materials, handled by good workmen, insure perfection of product, which in turn assures perfection of service. I, therefore, welcome this opportunity to say that we stand squarely behind every Bowser product in its daily service in American industry.

S. F. Bowser

S. F. Bowser & Co., Inc.

Pioneer Manufacturers of Self-Measuring Pumps

Home Plant: Fort Wayne, Indiana

Canadian Plant: Toronto, Ontario

Factories and Warehouses: Albany, Dallas, San Francisco, Sydney.
District Offices: Albany, Atlanta, Chicago, Dallas, Denver, Detroit, Minneapolis, New York, Philadelphia, Pittsburgh, St. Louis, San Francisco, Toronto. Representatives Everywhere

Offices, with Service Departments, in Principal Cities Abroad

BOWSER
ESTABLISHED 1885
ACCURATE MEASURING PUMPS

month, and by May we will be manufacturing 200,000 a month. That production is about forty times as great as our production six months ago.

"Although much of the radio work is being done at the Schenectady works, the General Electric Company is using all its factories in trying to meet this demand. The Edison Lamp Works at Harrison, N. J., and the National Lamp Works at Cleveland, Ohio, are both busy turning out vacuum tubes of the smaller sizes. The Sprague works at Bloomfield, N. J., the plants at Lynn, Mass., Fort Wayne, Ind., and Bridgeport, Conn., are all working on tube bases, transformers, sockets, small motor generators and other parts of radio equipment. It is hoped that very soon this boom, one of the biggest which has ever hit the electrical industry and has spread like a conflagration, will be under control."

But the General Electric Company and its output of vacuum tubes is only a part, even if it be a considerable part, of this industry which has grown so suddenly and to such surprising proportions.

Who else is helping to fill, and profiting by, this demand? Here again you may not hope for certain information. Ask the Department of Commerce and they will give you lists of makers of parts and of complete sets.

"Are they correct?" you ask.

"By no means," is the answer. "We couldn't say that the list contains two-thirds or even half the names, but it is the most complete we have been able to make."

The industry spread somewhat in this fashion. First to be affected by the new demand and first to be able to respond to it were the small number of well-equipped corporations which had been doing research work and manufacturing to meet the small demand that existed until a few months ago. Theirs was a problem of increasing manufacturing capacity. Next affected and next to get into stride were the large concerns making electrical apparatus, and more particularly telephone apparatus. They were able to fit into the business with no great difficulty.

Then came a group of amateur makers of radio equipment, men who had followed this new thing with interest from its early days, who had made for themselves instruments which worked well and who found quite suddenly that their neighbors were clamoring for similar outfits.

Just Drifted In

THESE men just drifted into the business, some of them, most of them probably confining their work to odd moments away from their regular employment. Some of them have gone into the business in a more pretentious fashion, giving up all their time, turning an old shed into a factory and hiring some extra help. A fourth class is made up of men who had idle factories and machinery which could be turned to use in making some part of a radio outfit. These men were, many of them, ready to leap into anything. The radio demand came at a period of great business depression when many factory owners were glad to undertake any work whether or not they were familiar with it.

All these four classes are represented in the two lists of radio manufacturers prepared by the Department of Commerce. One of these lists includes manufacturers of transmitting and receiving sets, the other is a tabulation of makers of parts and appliances. There are thirty-eight names in the former

and 136 in the latter. There are some duplications, and both lists, as the Department of Commerce experts will tell you, are far from complete. How difficult, almost impossible, it would be to make a list even approximately accurate is shown by the fact that from January 1 to May 1 of this year the Secretary of State of New York issued charters to 1,800 corporations having something to do with the radio.



It is still a sellers' market in the radio business. Dealers will tell you that they can't supply the demand.

These lists would show all four of the classes I have referred to. In the first would be such concerns as the Radio Corporation of America, an affiliation of the General Electric Company, the Western Electric Company, the Westinghouse Electric Manufacturing Company, the American Telephone and Telegraph Company, and the United Fruit Company. Typical also of the concerns which have been working at the problems of wireless communication are the American Radio and Research Corporation of Medford Hillside, the DeForest Radio Telegraph and Telephone Company of New York, and the Clapp-Eastham Company of Cambridge, Mass. Of the second class are nearly all established makers of telephone equipment who have turned over all or part of their plants to meet this new demand. In the fourth class would be such lines of manufacture as makers of mechanical toys and of dental tools.

With an industry which has not yet shaken itself down there is of course no way of estimating, with any degree of accuracy, the amount of capital invested in the making of radio apparatus. One estimate made in March of this year was that from \$10,000,000 to \$12,000,000 had been put into the in-

dustry. That seems far too small. The census figures for 1919 before the great growth showed an output of radio equipment valued at more than \$7,000,000.

The marketing of radio instruments is another branch of the industry which is trying to find itself. Earlier in this article I spoke of the efforts of the National Retail Dry Goods Association to stabilize its share of the business. At the conference called by them some 500 department stores were represented. A committee was named to work with the manufacturers in an effort to determine what the probable market might be and to permit manufacturers more definitely to plan their production in advance.

But the merchandising end is not confined to the department store. Radio outfits are sold by the mail order houses, by jobbers and dealers in electrical material of all sorts, by drug store syndicates, by dealers in hardware and through every other conceivable channel by which merchandise reaches the user.

Like the production end, the dealers would like to know to what they may look forward. No business "booms" without fear of a reaction. Our experience with a nation-wide boom and the depression that came on its heels is too recent not to send chills down industry's back when "over-inflation" is even hinted at.

There is a farm-yard proverb that "scum and cream both come to the top." The radio industry would like to know what is cream and what is scum.

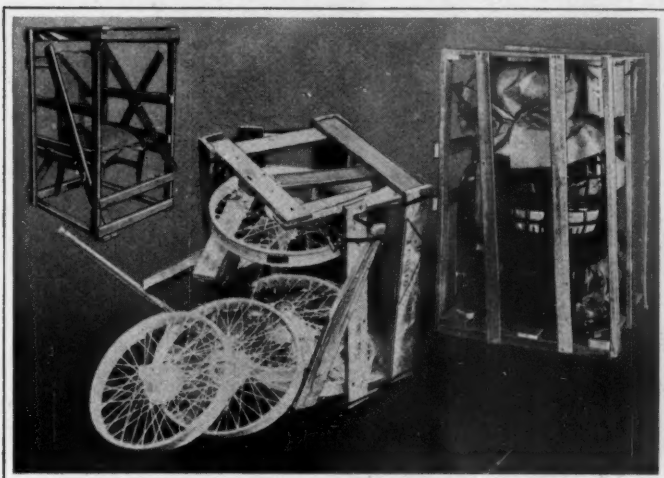
Few of the men who form the real general staff of the industry, the scientists and the engineers who have worked out its problems, feel that it is going to drop out of sight. They may admit that there is a certain amount of froth on it—that some of the money that has gone into radio sets has been merely to satisfy a passing curiosity.

Here's the way R. A. Lundquist, Chief of the Electrical Equipment Division of the Department of Commerce, sees a part, at least, of the future field of the industry:

"After a while, six months perhaps, or a year, some of the enthusiasts will begin to lose interest. Not so many people will be rushing to hear anything and everything that may be wandering through the air. The home radios will hardly take the place of the phonograph to supply the evening's entertainment by the fireside. What I think we shall see, and increasingly, is the community use. In the districts where there are meeting places in schools or churches we shall see installed large and adequate receiving sets. Some company, well equipped, will provide broadcasting stations at strategic points and will sell service, and service of the highest type. Here we have, say, Sir Conan Doyle, lecturing and attracting thousands. There are other thousands and hundreds of thousands, perhaps, who would like to hear him, and whom he could reach in some such way as I have described."

Catching Up in Cotton

CONSUMPTION of cotton around the world in the year ending with June, 1922, will probably come within a million bales of the record year, 1913-1914, according to the Department of Commerce. That would mean an increase of one-fourth over the consumption in the year ended with June, 1921. If the expectations of the department are fulfilled, the boggy of the excess production of cotton in recent years will be largely eliminated.



"WHEN traffic again reaches a normal quantity much freight is going to pieces in transit by reason of insufficient packing unless a very material improvement in packing is effected."

The above paragraph from the report of a division freight agent of one of the leading railroads of the country will suggest to many business men the importance of checking up on their present methods of packing their goods for shipment.

* * *

At the left are shown a few specimens of faulty crates—by no means exceptional instances. You will find scores of such crates at any freight terminal, any time. They help pile up the claims for damaged freight which every year mount into millions of dollars.

* * *

The services of a Weyerhaeuser crating engineer are available to any shipper who thinks that his packing methods might be improved.

Does the Proper Packing of Goods Pay?

ASK any jobber or retail merchant what he thinks about the value of proper packing.

The chances are he will name those shippers whose products always arrive in good condition—ready for immediate use or sale. No needless repair costs; no damage claims and allowances to haggle over; no lost parts to replace.

He will probably tell you that this is one reason why he likes to do business with them.

SHIPPERS in all lines are finding that proper packing makes selling easier. The elimination of damage claims and allowances speeds collections and increases profits. Very frequently, too, they have found it possible, through scientific crate design, to reduce, materially, their packing costs.

One manufacturer has saved 28% in lumber on one crate, 30% on another, and more than 50% on a third. His total savings in lumber and shipping weight amount to over ten thousand dollars a year. And in each instance the redesigned crate has proved more efficient than the one formerly used.

Proper crate construction is no longer a matter of guesswork. The engineering principles upon which it is based are now established by the experience, observation and experiments of the U. S. Forest Products Laboratory, the railroads

and many large shippers as well.

In the same manner that merchandise is being designed, tested, redesigned and tried out, so, too, are the crates which are to carry these goods being designed and built to meet successfully the hazards of transportation at a minimum cost.

The Weyerhaeuser organization has for years been at work on this problem—collecting and analyzing the facts, so that every foot of lumber it sells for crating purposes

will deliver 100% service and at the same time effect the greatest saving for the shipper.

As a result, this organization now offers to the industrial user of crating lumber the services of a practical crating engineer. Without cost to you we will send this man to your plant, to check up your crates, and with the co-operation of your shipping department to redesign your shipping containers to fit in each case the products to be packed.

Lumber is the standard material for shipping containers. For this purpose, this organization offers to factory and industrial buyers, from its fifteen distributing points, ten different kinds of lumber of uniform quality and in quantities adequate to any shipper's needs.

A BOOKLET, "Better Crating," which outlines the principles of crate construction and explains the personal service of Weyerhaeuser engineers, will be sent on request to manufacturers who use crating lumber.

Weyerhaeuser Forest Products are distributed through the established trade channels by the Weyerhaeuser Sales Company, Spokane, Washington, with branch offices at 208 So. La Salle Street, Chicago; 1015 Lexington Bldg., Baltimore; and 4th and Robert Sts., St. Paul; and with representatives throughout the country.

THESE illustrations show how a few important details of construction can increase strength of a crate. In the upper picture note that frame members are held by two nails driven in a row, while in the other three nails are used and they are staggered. Greater holding power is thus obtained and danger from splitting is materially reduced.

The double mitre on the diagonal brace shown below also gives a bearing against the upright frame member, thus transmitting any thrust it might receive directly to the frame of the crate rather than to its fastenings as would be the case above.

The proper size, thickness and kind of lumber, and the size and spacing of nails will vary with the requirements of each individual crate. The strength of a crate can often be increased when necessary without increasing the amount of lumber used.



WEYERHAEUSER FOREST PRODUCTS SAINT PAUL • MINNESOTA

Producers of Douglas Fir, Pacific Coast Hemlock, Washington Red Cedar and Cedar Shingles on the Pacific Coast; Idaho White Pine, Western Soft Pine, Red Fir and Larch in the Inland Empire; Northern White Pine and Norway Pine in the Lake States



Demand Catches Supply Napping, but Buyers Still Confine Themselves to Present Wants and Await the Harvest

BY ARCHER WALL DOUGLAS

WINTER wheat lost ground during April because of unceasing rainfall that flooded the bottom lands in the Middle West and West, thus often entirely destroying the growing plant.

Green bugs also took their toll in Oklahoma. Growth is thin and not healthy in western Kansas, western Oklahoma and western Texas and likewise in the Texas Panhandle. In these sections the abandoned acreage will be larger than seemed likely on April 1. On the other hand,

ahead other than for immediate wants. It is still the testimony of every traveling salesman that selling goods is a matter of the keenest competition and that dealers scrutinize prices as closely

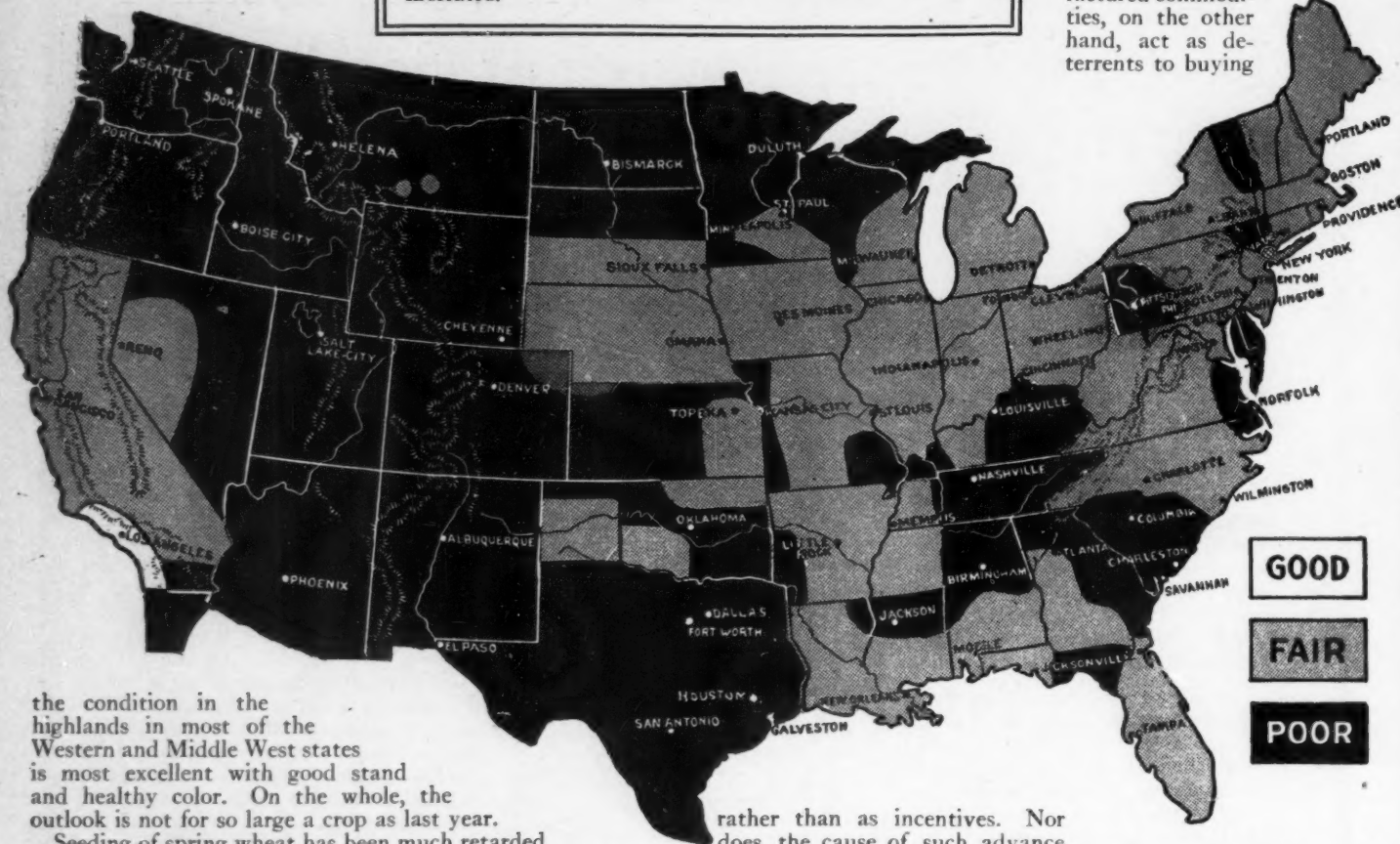
as ever. But it is equally evident that there is more business in most, although not all, sections. The improved outlook for crops counts for much, and in the agricultural regions sustained higher figures for farm products play a large part in the present buying.

Advances in prices of manufactured commodities, on the other hand, act as deterrents to buying

Business Conditions, May 15, 1922

THE DOUGLAS MAP shows at a glance the general conditions of the country. Light areas indicate good crops, industrial activity, and "high pressure" buying markets. In the black areas these conditions are lacking. The shaded areas are half way.

In studying the map it should always be borne in mind that only actual conditions are shown; prospects are not indicated.



the condition in the highlands in most of the Western and Middle West states is most excellent with good stand and healthy color. On the whole, the outlook is not for so large a crop as last year.

Seeding of spring wheat has been much retarded by wet soils and cold weather. This will probably result in a somewhat decreased acreage compared with last year; but abundant moisture in the soil offers opportunity for increased production per acre. Corn planting is everywhere very late, but many of the abandoned wheat fields will be planted to corn.

While there has been some local damage to fruit here and there, the outlook is for a generous yield in nearly all sections where fruit is grown.

Industrial life is distinctly on the upgrade, although this has to be qualified as to sections, as in the case of cotton manufacturing which is well employed in the South but paralyzed by a prolonged and futile strike in the New England states.

Iron and steel manufacturing is especially busy and is accompanied by higher prices in some crude products. What has happened has been obvious for some time, namely, that the increased demand from distributors, both retail and wholesale, which set in in March, would find manufacturers utterly without any stocks on hand and consequently unable to take care of the larger volume of trade even though its increase was not one of great proportions. It simply represents the filling up of half-empty shelves and has no relation to speculation, nor purchases

rather than as incentives. Nor does the cause of such advance make any difference so far as the buyer is concerned. The oft-expressed belief that a somewhat firmer, if not higher, level of prices will produce a sense of stabilization and impart a feeling of security in purchasing fails to find any reflection in the minds of consumers. For there is a generally obstinate prevailing conviction among the many, especially in the country districts, that readjustment in prices is not yet complete in all lines, and so they demand "to be shown" whenever advances are asked in commodities that consumers think may not have struck bottom yet. Hence it is that the prevailing high prices in the stock market as indicative of genuine prosperity in the near future do not find much credence among the many, for they know full well that there is nothing to warrant these figures, either now or in the immediate future, and that those who believe otherwise are liable to experience the fate of the shorn lamb who always buys at the top and finds no tempering from the wind save in poetry and the movies.

For the prevailing thought is to make the most of the present undeniable improvement and then tarry awhile as the inevitable summer dullness draws nigh, until there be something definite concerning the coming harvest.

(Continued on Page 42)



A Lesson from the Stars

IN the garden of a country home two men were talking. Near them sat a small boy, looking at the stars.

Said one of the men: "I am making a product that I know is the best in its class—and still I can't sell it."

There was a moment of silence. . . . Then the second man called to the boy who sat near them. "Son," he said, "if you had your choice of any of those stars up there, which one would you choose?"

The boy promptly pointed to the brightest star in sight. "That big one over there!" he said.

The man who had addressed the boy turned to his companion. "As a matter of fact," he said, "there are other stars in the heavens, which the boy cannot see, that are far brighter and bigger than the one he chose. But he didn't know the other stars were there—and so he couldn't choose them. That's why your product isn't selling. People simply do not know it exists."

"I know what you mean," said the first man, "advertising. But I have tried advertising in the past—two or three times—and it didn't work."

His companion seemed preoccupied with the stars. . . . "If we stand here and watch the sky for a few minutes," he finally said, "we shall see a shooting star. It will spurt across the heavens for a second, and then it will die out. There are thousands of shooting stars every night. People pay little attention to them and they are instantly forgotten. That's the kind of an advertiser you were."

"The Pole Star," continued the speaker, "has stayed on the job so long and so faithfully that its very name has come to mean 'a guide, a controlling principle.' And that's the way to advertise. There are certain products today whose names are regarded as a guide to satisfaction and a controlling principle of quality. They are the pole-stars. In this present economic situation, the pole-stars are doing the business."



N. W. AYER & SON

**ADVERTISING
HEADQUARTERS**

NEW YORK

BOSTON

PHILADELPHIA

CLEVELAND

CHICAGO

Pertinent Points for Particular Persons

The President of the Washington State Retailers' Association is Mr. George A. Phillips, President of the Palace Department Store, Spokane, Wash.

In speaking of the *Green Stamp*—the housewife's discount for cash—Mr. Phillips recently said:

"We regard the *Green Service* as having an individual value which no other publicity known to us is able to supply. We use the stamps as a simple accounting system, whereby each customer may keep a just and regular account of his or her own purchase, in order that they may receive the same rate of discount on a 10c purchase as they do on a \$10.00 purchase. We urge each customer to take a book to save the stamps. This makes a splendid finish to each transaction day by day.

The *Green Trading Stamp* appeals to us as a fair proposition between the parties concerned; that is, the customer, the merchant and The Sperry & Hutchinson Company."

The above expression of opinion is founded on facts and results. The voice of the experienced is worth far more than a chorus of opinion from the theoretical.

For full particulars regarding the *Green Service* and its business building powers address

THE SPERRY & HUTCHINSON CO.
114 Fifth Avenue New York

Nor do all lines share alike in the going improvement. Dry goods at this writing are somewhat duller despite a strong market for raw cotton that is based upon late planting due to floods and unceasing rains in most of the Mississippi Valley and the Southwest. The situation in these respects is rather better in the South Atlantic Seaboard. There is also the problem of how long it may take the retail and consuming trade to accept the situation and the realization of higher possible prices for some time to come for cotton fabrics. The same story applies in its general nature to wool and woolen products since the emergency tariff has almost doubled the price of wool with consequent greatly improved outlook for business in the far western and the southwestern states.

The cotton business has the possibility of a future that may recompense it for many of the trials it has endured for two years past. The cotton consumption of the world is on the increase as Europe slowly gets back on her feet, while there is small chance of proportionate increase in cotton production during the coming season.

The automobile industry has shown greater production, much of which is due to the coming of spring. There still lies ahead of it the solution of the elemental problem of the adjustment of an overgrown potential production to a demand that has its limits.

The coal strike has not as yet shown any depressing effect upon business save locally, where the closing down of the mines has greatly decreased the purchasing power of those particular communities.

There has been a sudden general discovery that the inherent and so far incurable difficulty about coal mining, especially bituminous mining, is the superabundance of mines, some 5,000 in all. This is an old story to the coal operators and to all students of the situation, but nobody has ever found the way out. Much emphasis is now placed on the superabundance of miners, and it is suggested that the surplus miners seek other jobs; then everything will be lovely. This is a solution that does not solve, or, in the language of medicine, it is palliative rather than remedial, like taking dope to relieve deepseated pain. The only result would be

that fewer men would have longer working hours and get more pay, but the mines, if all were running, could not possibly run full, so great is their capacity. There would still be expensive operation on part time with the miners still being paid not alone on the basis of time they work but also on time they are idle, as is now practically the case. The real solution is to run only enough mines to supply the demand and to run them full all the time. But nobody has yet been able to persuade some mines to go out of business and let others run in order that a serious economic problem may be solved.

Building activity is most marked in the large cities and towns. There is but little construction going on in the country districts. Dwellings of various forms outnumber other buildings now in process of erection.

The lumber business feels the impulse of increased construction in the size of the cut and in larger shipments and orders. This is true likewise of builders' hardware.

Stocks are accumulating in crude oil owing in large degree to greater production, especially in some of the Oklahoma fields that were thought to have been thoroughly exploited.

Some of the copper mines have resumed operations in a modest fashion in hopes that the surplus above ground will soon be down to normal proportions. Unemployment seems to have decreased somewhat during the past thirty days, as might be expected at this season.

Definite figures of unemployment, other than for restricted localities, have usually to be taken as approximations at best. Much of the work is necessarily of an estimated nature, and the means of accurate knowledge are often not available. Some comparisons that I have seen between government figures and those obtained by some municipalities were so completely at variance as to raise the natural question as to whether they were not both wrong.

Despite constant rainfall there has been most excellent business in all goods pertaining to outdoor sports; all save fishing tackle in those numerous sections where the muddy streams made angling an even more disappointing sport than it often is under better weather conditions.

Some Queer Business Questions

THE public thirst for knowledge is unquenchable. If you doubt it, here are a few of the unusual questions that have been asked of one of the nation-wide organizations which have their headquarters in Washington where government departments and semi-public institutions turn out statistics, reports and pamphlets in an unending stream. The questions are genuine, every one of them, and they are only a few of thousands:

Believing firmly that the happiness of the average human is greatly measured by his yearly income, we beg your honorable, progressive organization to gather together the actual costs of living for a family of five in different districts throughout the United States, based upon the actual cost of telephone, food, clothing and fuel and any other necessities but not to include a victrola, an automobile or a parlor carpet.

What are the customs duties charged by Canadian Government on wedding gifts imported into that country?

What will be the natural ice crop (prospective) for New England, New York, New Jersey, Delaware, Pennsylvania, Michigan, Ohio, Indiana, Wisconsin, Minnesota, Iowa,

Missouri, Kansas, Nebraska, North Dakota and South Dakota? Will the crop of natural ice have to be imported from Canada? What is the price per ton of this ice placed in the icehouses and the volume of the crop?

What is the quantity of wooden clothespins used annually in the United States, both the plain wooden and the snap style?

What are the names of the Big League baseball team managers? How can we gain recognition from these managers and obtain their consent to use the facilities afforded by this city for a training ground in the spring of 1922?

I am requesting the parents, guardians, uncles or near relatives who have marriageable daughters, nieces or wards or possibly widows to get in touch as soon as possible with me in regard to the personality, income and possible wishes of the candidate for marriage into the aristocracy of Europe.

Could you please send me a cure for a wire cut which is on the foot of one of my horses in that little sunk-in place? He is such a big, fine horse I'd sure hate to lose him.

I have a proposition for making a medicine from the peeling of a tree found near the boundary limits between Peru and the Republic of Brazil in the Andes Mountains, for the cure

of tuberculosis. I wish you would let me know if you are interested in cooperating with me in organizing a corporation for the making and selling of this medicine.

Will you kindly send me a booklet of Baltimore for I expect to be there for part of a day and would like to know what to try to see.

There is a certain kind of whitewash used on one end of the White House and I would like very much for you to furnish formula for same.

Will you kindly recommend me a place where I can send for a catalogue of electric bell. Also a place where I can buy some pictures for dining room as—fruit and birds. Please recommend me a place where I can buy a good book about how to make a sun dial with all their particulars. Kindly recommend me a place where I can buy one of the best books on birds, mammals and fish in the price. And also will you kindly recommend me a place where I can buy a second hand small clock with chimes on. Also recommend me a place where I can buy some bird traps for catching birds. Also recommend me a place where I can buy some second handed marine motors from 10 hp. to 20 hp. with price. Recommend me also one of the best books in the country for mixing drinks and where I can buy it.

What is the quickest way to get names and addresses of manufacturers of meritorious mechanical merchandise machinery mixtures or miscellaneous money making monopolies protected by Patent if possible who will offer me a commission to sell in this state or adjoining states.

Please furnish me with recipes for making the following: salted nuts, potato chips, baking—bread, pies—fancy and novelty, noodles, candy, soft drinks, scrapple & meat, extracts,

ice cream, pop corn, yeast, chewing gum, pretzels—hard, soft—sweetmeats, doughnuts.

What is the quantity of artificial teeth made in the United States?

Where can I sell three ounces of golden brown hair?

Where can we get a town clock?

Where can second hand barrels be bought?

What does the term "prompt shipment" mean?

Can you get the cars necessary to save \$9,000,000 Texas cabbage crop?

What is the formula for the grease used on the naval guns to prevent damage by salt water?

Please let us have the names of Philadelphia firms interested in buying mica shippings or ground mica.

How can we establish a local hall of fame? What is the method used in the choosing of names in the Hall of Fame of Great Americans?

Please furnish me with a list of the American chambers of commerce in foreign countries. My girl friend wants to find employment in England and I would like to obtain a position in Pekin.

I have an emerald mine in Ecuador, but cannot operate it for lack of funds. Where can I obtain capital for the enterprise?

I should like to attend a school to learn shoe-making. Can you furnish me with a list of the best schools for this purpose?

What is the volume of the trade down by the lower Mississippi Valley district?

I have a canning factory that is in use only during a few months of each year. What would be most suitable for manufacturing during the remaining months? Would it be possible to use this factory by leasing it out during the time it is idle?

Can you inform me the name of a number

of institutions in which a feeble-minded woman, forty years of age might be cared for?

Please give me the names and addresses of all the people in the United States who own circuses. How many rings has each circus? How many clowns?

Can you supply information concerning number of phonographs, pianos, stoves, ranges, dining room tables and buffets in use in America today. Please reply special delivery.

Please furnish me the names of towns of 15,000 or more population in the Middle West or South in which I could establish a tea shop serving only the best clientele.

With the idea of developing a new industry I am desirous of obtaining addresses of parties or packing plants from whom I can purchase in large quantities fish scales such as river herring, sea herring, salmon, shad and white fish.

Please send me a list of the cities in the United States in which there are Greek Catholic settlements. I wish to sell dried octopus to stores in these settlements as they are in great demand by these people.

I am writing in regards to information regarding the wages or salary of a pedestrian. I would like to undertake to visit the capital of every state in the U. S. A. and would like to receive information regarding a proposition of this kind in full. Have done a considerable amount of walking and think I would enjoy the undertaking.

We are very desirous of securing as complete information as possible regarding the manufacture of toy marbles. Will you furnish us with the following information: sources of material, machinery used, manufacturers of machinery, scale of skilled and unskilled workers, miscellaneous information.

Nation's Business Observatory

EVENTS have followed thick and fast in the struggle being made by trade associations to determine how they may lawfully function. The correspondence between Secretary Hoover and Attorney General Daugherty was followed by a meeting called by Mr. Hoover with executives of trade associations and by the appointment by the United States Chamber of Commerce of a committee to consider association activities.

Two propositions come from the legislative end of the Government, one a resolution introduced by Senator Edge and Representative McArthur for a congressional investigation of trade associations, the other a bill introduced although not pressed by Senator Edge which would give the Federal Trade Commission power to put a government seal of approval on the activities of trade associations if and when the association submitted to the commission in advance its plan of conduct. This last named suggestion finds some approval in the trade press, but that approval is tempered by a feeling of fear of the Federal Trade Commission.

Typical of this state of mind is the following from the *American Lumberman*:

As an attempt to enable the Federal Trade Commission to function in aid of business the Senate bill proposed by Senator Edge last week appears to be sincere and meritorious. But the bill would confer upon the commission authority that might be abused. For example, if it becomes a law in its present form the commission could require any member of an association to supply it with such statistical information with respect to his own business as it desired.

Another provision of the bill, however, ap-

pears to grant what many lumber association workers have asked for; and that is something in the nature of a "certificate of good character" which "shall be prima facie evidence of the legality of the existence of such association and of the purposes and objects thereof." If the commission cannot sanction the plan of organization, it may "suggest to the applicant wherein such conflict (with the anti-trust laws) lies, and what changes in the proposed plan of organization or of operation or other details will conform to the requirements of the anti-trust laws."

The National Provisioner says:

The commission would have the power to approve and give formal certification of the purposes of trade associations on their request. This is held by many to be a really progressive step. For instead of working in the dark as to the legality of trade practices, associations approved by the commission would have the right to ask for rulings on many important matters of trade practice, and the commission would have the authority to make the requested ruling after careful investigation. In this way all matters of this kind would be speeded up, and the wearisome and often unsatisfactory method of court proceedings would give way to a more common-sense business method.

Danger in the plan lies in the abuse of its functions by the Federal Trade Commission. Should that body behave itself as it has in the past, the Edge plan would simply toss the situation from the frying pan into the fire. Business interests may be pardoned for looking askance at such a plan until the Federal Trade Commission has cleansed itself of the odors of past associations.

Engineering and Mining Journal-Press gives the Edge bill a pat of approval, holding

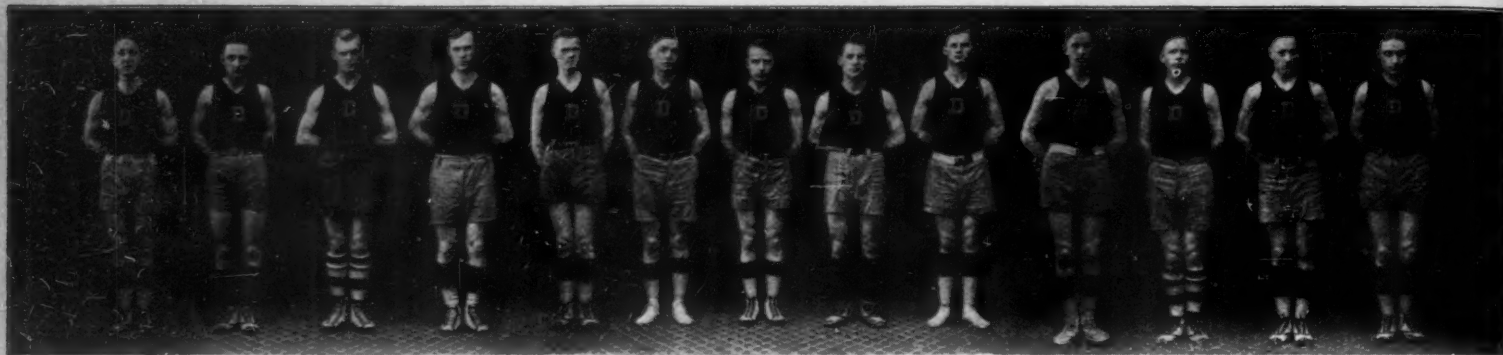
that the great thing is the elimination of uncertainty from business. The *Journal* disclaims any desire to discourage competition or to encourage combinations in restraint of trade, but, it asks, how can one proceed confidently so long as the rules of the game are undetermined? It goes on:

In this particular case, moreover, uncertainty is likely to be exceptionally costly. Unless positive guidance is given, the trade-association movement will receive a blow which will prevent in large measure the performance of many functions which are highly useful in the economic process and quite free from objection on the ground of restraint of trade. For the fact-finding function of the trade association is really a risk-elimination function. If a business man can make his plans and decisions on the basis of fact and knowledge rather than guess and speculation, he can price more closely, eliminating the reserves and insurance premiums which inevitably accompany the conduct of business when surrounded by uncertainties. Trade associations now supply many valuable data; they can be so developed as to supply many more. Such data are essential to wise business decisions and will result in fewer losses to business men and lower prices to consumers.

The Edge bill may not be perfect. Senator Edge does not pretend that it is. But certainly his proposals are steps in the right direction. It is possible to define fairly precisely the things which trade associations "may and may not do," and Congress owes it to the business community and to the country to make this clear.

The Hoover conference with its accompanying proposal that statistical information be cleared through the Department of Com-

(Continued on page 46)



Class of 1922, Davey Institute of Tree Surgery. Thorough scientific education, plus practical skill trained into them, makes these young athletes master tree surgeons

A Million Dollar Business in Saving Trees

By Martin L. Davey, General Manager

THE business of The Davey Tree Expert Company is now running at the rate of one million dollars for 1922. It has taken more than twenty years of steady building to reach this volume. The Davey Company sells nothing but service—the service of carefully selected, highly trained, scientifically educated Tree Surgeons, who save trees without guessing or experiment, when they can be saved. This service is available almost everywhere in the eastern half of the United States. Nearly fifteen thousand clients have been served up to this time, many of them regularly.

Lieut. Colonel Frank K. Hyatt, treasurer of the Pennsylvania Military Academy, in a letter written to The Davey Tree Expert Company, December 2, 1921, said:

"Three of your men are performing tree surgery at the college and while I had only engaged them for two days, their work was of such character that I was compelled to hold them longer. In fact, they will probably be with us four or five days.

"They seem to have thorough knowledge of their work and the foreman in charge is a very unusual man. It gives me pleasure to congratulate you on the character of work which your employees are doing."

This letter is typical of many hundreds of voluntary letters of commendation received by the Davey Company from its clients. They come regularly from every section served by Davey Tree Surgeons. It is significant that nearly every letter emphasizes the high-type men, their apparent skill and ability to do their work with accuracy and thoroughness and speed, but more particularly the fact that they are diligent and zealous workers.

The evolution of Davey Tree Surgery compared to the automobile

I do not presume to say that every last client is 100% satisfied. That would be too much to expect from a human organization. But more than 95% of the clients are fully pleased with both the work and the service. Nor would I claim that the Davey organization has always been as good as it is today, nor that the methods employed have always been as remarkably good and successful as they are now.

Davey Tree Surgery has been before the public nearly as long as the automobile, and its development has been almost parallel. You will easily recall the automobile of fifteen or twenty years ago. You recall how often it broke down, how many times it was laid up by the roadside?

You remember its imperfect mechanism, its poor lighting, the hard job of cranking? Well, the fundamental principles of the automobile were the same then as now. The wonderful advance has been made in the refinements and the mechanical improvements. Then think of the really marvelous piece of machinery that you buy in the modern automobile!

Just so with Davey Tree Surgery. The fundamental principles were the same fifteen or twenty years ago as today. It was then relatively crude and imperfect. But honest effort and a determined purpose have produced refinements and mechanical improvements and scientific accuracy that are both marvelous and inspiring.

Only two or three men out of a hundred applicants are finally accepted

However, it is the human element of the Davey organization that I wish to describe. The high-type men, their surprising efficiency, their zeal and skill and knowledge are the result of something back behind. That something is a policy that could produce no other result.

From time to time we need additional men. We run advertisements in the cities within a reasonable distance of our headquarters, giving our specifications. Many replies are received. An information blank is sent to each applicant, in which he must give his life history. If a hundred information blanks are returned, our experience has shown that not more than fifty seem to meet our requirements. The others are cast aside.

We then send our representatives to these cities and notify the fifty to report at a certain hotel for personal interviews. Out of the fifty men thus interviewed, we select not more than five who seem to be the right kind.

A regular training field where practical training is given to every man

These five are brought in to Kent (Ohio) for practical training, where we maintain a regular training field. These five are put through a thorough course of practical training for several weeks, at the end of which we select not more than two or three as qualified and made of the right stuff.

Thus, out of an original hundred definite applicants, we get not more than two or three. The process of selection, though it is severe, works wonders and gives us unusual men for the very important work which we do.

Those who finally pass are sent out into the field, always under the direction of master Tree

Surgeons. They simply grow into the work and acquire almost intuitive skill.

A chief expert travels regularly from squad to squad

Then, we have a chief expert who spends all of his time traveling from squad to squad to check up on all the details of the work and the merit of each individual—to see that our high standard is consistently maintained. Occasionally he tells us that a certain man is not our kind and should not be in the Davey organization. That man is promptly dismissed. Very often he tells us that certain men are doing especially fine work and recommends advancement. Such men are promptly advanced.

So the really good men remain with us—and they like their jobs mighty well. Naturally enough, they give superior service.

Constant supervision by local representatives

In addition to this, a number of squads are under the constant supervision of each local representative, of whom we have nearly thirty whose highest self-interest requires watchful care of the interests of each client, to see that he gets the maximum service.

More than this, we require periodic reports on every man in our field force. Our local representatives give detailed monthly reports on the foremen under their supervision. Each foreman gives a monthly report in great detail concerning each man in his squad. Every bit of information from every source about each individual goes into his personal service record. And every one knows that his service record is complete and strives to keep it good.

The only place in the world where the science of Tree Surgery is taught

When a man in the field force has reached a proper state of development, he is brought into Kent to attend our resident school. This course covers two years—four months each year. We maintain a regular school with complete library and laboratory equipment and a corps of instructors with fine scientific training from various colleges and universities, plus special training in the Davey organization. There is no other school in the world that teaches Tree Surgery, so we maintain the Davey Institute of Tree Surgery as a matter of practical necessity.

In this school we teach only those things required to make real Tree Surgeons—nothing superfluous or unnecessary. The course includes Botany and Dendrology, Pathology and Entomology, Soils and the Feeding of Trees, Spray-



"Do it right or not at all."—JOHN DAVEY

ing and Fruit-growing, and above all the Theory and Practice of Tree Surgery.

Every man in the Davey organization is a trained man—Davey trained

When a man has been with us long enough, has had the necessary amount of complete training, and has demonstrated to us his ability and qualifications, he is entrusted with the handling of operations—then and only then.

Every man in the Davey organization is a trained man—Davey trained. If a man should apply to us for employment and say that he is an expert and understands all phases of the work—recommends himself highly—we say to him, if we should happen to need men, "All right, you may start in at the bottom and show us." Very few of them ever come and we are just as well satisfied. Our experience has shown us that not more than one in ten of these so-called tree men from the outside is the right kind of man. None of them are real experts when they come to us. All of them have many things to unlearn.

The Davey Research Department does the experimenting—the client's trees are never experimented upon

In addition to all these other things, we maintain a research department in charge of scientists of practical experience. It is their duty to work out every scientific and practical problem of Tree Surgery, as fast as possible. They have done wonderful work. They gather data from every available source, particularly from the experience of the Davey organization, in addition to original experiments. Every experiment is conducted in Kent by our research department and never on the trees of a client.

For instance, our research department has worked out a list of "forbidden trees," those which experience has demonstrated are not worth complete treatment or do not respond properly to treatment. On these trees our experts are permitted to do only first-aid work.

A national organization that carries with it an assured protection to tree owners

There is no other national organization in our field. There are, of course, many local imitators. It is an unfortunate fact that there are mighty few good ones among them. We would be happy if they were all good and well qualified. But who will supervise them? Who will train them? Who will provide the discipline that will hold them to high-quality service? Who will pass judgment on the results of their work?

There are quite a number, who have never had any contact with the Davey organization, who claim falsely that they are Davey men.

There are some, unfortunately, whom we have been obliged to let go for obvious faults, who attempt to capitalize on the prestige of the Davey name, to our detriment and to that of the profession we have built up and have endeavored to honor.

The unseen things that make quality are only possible because of large volume

In the Davey organization it is the unseen things (rigid selection of men, practical and thorough training, supervision of chief expert and local representatives, resident school, research department, standardization of methods and organization discipline) that make real quality and lasting merit. On a business of nearly three-quarters of a million dollars in 1920, we spent three times as much on these unseen things which make quality as we made

in profit. In spite of the depression, we did a business of almost six hundred thousand in 1921 and spent four times as much on these hidden things that make quality as our profit amounted to. The business of the Davey Company is now running at the rate of one million dollars for 1922.

Davey methods have been standardized. Davey work is the same in Boston as it is in Chicago, the same in New York as in Kansas City, the same in Montreal as in New Orleans. Davey experts are of uniformly high type, all thoroughly trained, all carefully selected and developed. And best of all is organization discipline that requires and maintains a constant high standard down to the smallest details of work and service.

A tree-man may fool the public but he cannot fool us

It has seemed to me that the greatest thing the Davey organization does for its clients, over and above all these other things, is that of relieving the client of all worry and responsibility in the selection of the men who are to treat his priceless trees. A tree-man may fool the public, most of whom know little about trees. But he cannot fool us. A man must be right in every sense of the word or he cannot go very far in the Davey organization.

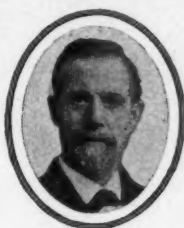
We, who know Tree Surgery values, select the men to whom this work of very great importance is to be entrusted. We know they are right and worthy of your confidence and our confidence or we would not send them to you. They come to you with our seal of approval.

They carry with them the most priceless possession we have—our reputation. We are as jealous of that reputation as a good woman is of her good name. Business and professional success are merely results. The causes are behind the scenes. And that is the reason for this little story of the Davey organization.

THE DAVEY TREE EXPERT CO., Inc.,
3706 Elm Street, Kent, Ohio.

Branch offices with telephone connections: New York, Astor Trust Bldg., Fifth Ave. and 42d St.; Boston, Massachusetts Trust Bldg.; Philadelphia, Land Title Bldg.; Baltimore, American Bldg.; Pittsburgh, 331 Fourth Ave.; Buffalo, 110 Franklin St.; Cleveland, Hippodrome Bldg.; Detroit, General Motors Bldg.; Cincinnati, Mercantile Library Bldg.; Chicago, Westminster Bldg.; St. Louis, Central National Bank Bldg.; Kansas City, Scarritt Bldg.; Montreal, 252 Laugachitère, West.

Davey Tree Surgeons are near you—if you live between Boston and Kansas City. They are easily available and handle operations of any size, large or small. Write or wire Kent, Ohio.



JOHN DAVEY

Father of Tree Surgery

John Davey gave to the world the science of Tree Surgery. Before the publication of his first book, the original "Tree Doctor," not even the idea of the scientific treatment of trees existed. John Davey created the term "Tree Surgery." Every fundamental principle

of it was the product of his genius and love. Every improvement and refinement has been worked out in the organization which he brought into being and inspired. But the greatest contribution which John Davey has made to the world, has been to translate into popular form the fact that the tree is a living, breathing organism.



MARTIN L. DAVEY

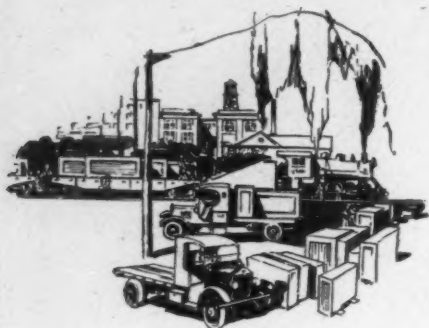
General Manager, who made of a father's dream a business reality and built the Davey organization

"And yet the tree lives—it breathes. It has a real circulation. The tree digests its food and assimilates it. It has sexual processes that are just as real and beautiful as in any other form of life. It has the power to adapt itself to its environment. To be sure, it lacks intelligence and a nervous system and the power of locomotion. But in all the other elemental processes the tree functions just as truly as man himself."

"This question of reforestation is of monumental importance. America can not continue to exist as a virile, forward-moving Nation unless we protect what we have and start to build up that which we have so ruthlessly destroyed. We can not afford to be a Nation of vandals much longer. America must reforest, or America must drink the bitter dregs of national decline and impotency."—Excerpts from a speech in Congress, March 3, 1921, by Martin L. Davey, of Ohio.

DAVEY TREE SURGEONS

Every real Davey Tree Surgeon is in the employ of The Davey Tree Expert Co., Inc., and the public is cautioned against those falsely representing themselves. An agreement made with the Davey Company and not with an individual is certain evidence of genuineness. Protect yourself from impostors. If anyone solicits the care of your trees who is not directly in our employ, and claims to be a Davey man, write Headquarters for his record. Save yourself from loss and your trees from harm



By saving six weeks in turnover 40% of working capital was released

How one of the country's large manufacturers demonstrated the importance of eliminating delays in commercial transactions

ONE year ago, it required twelve weeks for one of the largest manufacturers in the textile industry to assemble raw material, make it into finished product, and get this finished product to the dealers.

Then the red tape was cut, new units of production were established, goods in process were speeded up, unnecessary delays were eliminated all along the line. Today the twelve weeks have been reduced to six. Because of this six weeks' reduction in time, 40% less working capital is needed to run the business. The capital now in use has been made 67% more productive.

The demand of the hour is for reduced costs and larger profits. The same capital must be made to do more work. Wastes and delays—in manufacturing, in selling, in shipments, in collections—these must be eliminated to speed up the turnover of capital.

Pre-eminently commercial for over seventy years, the Irving National Bank has built up many highly specialized departments—all designed to make its customer's dollar more powerful by speeding up commercial transactions.

The Irving's special Bill-of-Lading Department is organized to trace railroad shipments, to locate freight cars on arrival at terminals, to eliminate every sort of delay in releasing capital invested in goods in transit.

Quick, accurate service in collections, in transfer of funds, and in securing credit information abroad, is assured through the Irving's correspondents or special representatives in more than 5,000 foreign cities and through direct cable connections with every trade center in the world.

IRVING NATIONAL BANK

NEW YORK



merce has led to the asking of these two questions:

What advantage will the association member have over the non-member, if statistics are made public?

What will happen when Hoover goes?

Electrical World thus answers them:

Out of about two thousand trade associations operating today in the United States only seventy to eighty are open-price associations. As Secretary Hoover says, the legality or illegality of all forms of such price comparisons has never been definitely established, but it is clearly not in the public interest for competitors to fix their prices in secret. It is in effect a conspiracy against their customers—the public. It is this practice by the few that has cast suspicion upon all. The trade association can and should be lifted out of this "twilight zone" by the publication of all the cost and production statistics which it gathers. And its membership need not feel aggrieved. For if 1,900 associations find good and profitable work of other kinds to do, surely it will not require a great deal of imagination to find ways to make membership in any group worth while. The real function of such a body is to act as a virtual high school to the smaller business units of its industry. Big companies can take care of themselves, but the small concern needs education in trade practice and aid in the development of the common opportunity. Here is the place for the trade association to render service.

As to what will happen when a new administration installs a new secretary in the Department of Commerce—there is no menace in that. If the trade associations do not like the tone of his voice or the color of his hair, they are quite free to withdraw from the arrangement. Mr. Hoover is not demanding the submission of trade statistics to his department. He is expressing a willingness to act as a clearing house and raise the trade associations above suspicion. If they voluntarily take advantage of this offer, they can likewise voluntarily cut off this relationship with the government whenever they desire.

At the Hoover conference, E. J. Cornish, chairman of the statistical committee of the Paint, Oil and Varnish Association, had some proposals to make which are thus summed up by the *Paint, Oil and Chemical Review*:

The repeal of the Sherman law, which he opposed as he considered it a beneficent law; second, the licensing and regulation of the associations by the government, which he did not support because of its socialistic and inquisitorial tendencies—and finally the cooperation between the government and the associations in the collection and publication of properly authorized statistics available to producers and consumers alike.

Textile World in its summing up of the recent meeting with Hoover reports that the open price feature has already been eliminated by certain of the textile associations and sees in the whole agitation a promise of better things to come:

There has always been a diversity of opinion as to the desirability of the open price idea and there are those in the textile trade who have contended all along that the plan was not consistent with good merchandising, though on the other hand there are not a few who have been thoroughly convinced that the development of the idea has been instrumental in eliminating much of the misinformation regarding trade practices which has been at the bottom of ruinous competition and they have, therefore, regarded the open price association as an instrument for good, especially during the reconstruction period after the war.

The feeling seems to be growing, however, that as a branch of trade association activity, too much emphasis has been placed upon the collection and distribution of price statistics

and that these same associations could well devote themselves to other matters that would be of general interest and value to their membership to greater advantage. It may be that the unequivocal stand taken by government departments may be a blessing in disguise, in that it will assure the development of other branches of association work which have long been needed but which have been more or less sidetracked because of the belief in the importance of price information as an essential of association existence.

Some Points of Attack on the Senate Tariff Bill

THE changes proposed by the Senate Finance Committee in the Fordney Tariff Bill have aroused sharp opposition, notably from the shoe and leather and textile industries, who see in the new measure a complete surrender to the farm bloc.

Shoe and Leather Reporter offers this objection to a plan for a specific duty on hides:

The charge frequently made that the United States Senate does not comprehend the hide tariff question any better than the Einstein theory of relativity is well illustrated by the latest change from a 15 per cent ad valorem duty to 2 cents a pound on green salted and 4 cents a pound on dry hides.

In changing from an ad valorem to specific duties the senators jumped out of the frying pan into the fire. They evidently realized the difference in value between green and dry hides, but ignored greater dissimilarity between the various grades of hides whether green or dry.

Chicago packer hides range in price today from 6 to 15¼ cents a pound. Similar and even greater spreads in values may be found in all domestic and foreign markets. A specific duty of 2 cents on a 6-cent pound of hide is tremendously greater than a 2-cent duty on a 16-cent pound of hide. This is not the worst of it, however. The inequality is all at the expense of the wearers of the cheaper grades of shoes.

In fact the *Reporter* sees only one ray of hope:

The only light glimmering in the dark night of tariff folly is that the question is becoming so hopelessly involved and befogged that the entire revenue bill will have to be side-tracked until after the election when it may be possible to draft the schedules in equity instead of ignorant partisanship.

Hide and Leather offers somewhat the same argument, but in this form:

Hides have been taken from the free list, where they have been for so many years, in face of virtually unanimous demand for free hides, from the hide, leather and shoe industries. Free hides mean American hide markets always on a basis of international values. If prices are advanced or depressed in America or abroad, free trade in hides restores equilibrium. Here is the case in a nutshell: Free hides have enabled our shoe and leather manufacturers to build great and efficient plants and to ship their products all over the world.

The great shoe and leather industries are to be shackled and handicapped by taxed hides for the purpose of enabling farmers and small butchers to get more money for hides that are inefficiently flayed, carelessly handled, and disposed of in small and mixed lots. It is impossible for the farmers and small butchers to ship carloads of selections wanted by tanners, and this is one reason why farmers cannot get full carload lot market prices for hides.

Wallace's Farmer, however, thinks that the duty on hides ought to be 50 per cent higher:

Hides, which have been on the free list since 1909, are again made dutiable at the rate of

Stone & Webster Engineering for Public Utilities

In developing the public utilities in the fifty cities where Stone & Webster operate, their engineering organization is a vital factor.

Its success is so widely recognized that 90 per cent of its work now comes from companies under other managements.

STONE & WEBSTER

INCORPORATED



BOSTON, 147 Milk Street
CHICAGO, 38 S. Dearborn Street
SAN FRANCISCO, Holbrook Bldg.

NEW YORK, 120 Broadway
CLEVELAND, Leader News Bldg.
PITTSBURGH, Union Arcade

**Put this
Competent Financial Adviser
at Your Elbow for
1/4 the Salary of an Office Boy**

When you want to know the possible
future trend of the money market

- or of securities
- or of business conditions
- or of the labor situation

whom do you consult?

Standard Daily Trade Service

*"A Survey and Forecast
of Business Everywhere"*

is published every business morning, and many
valuable supplements are issued from time to
time. It helps thousands of business men and
investors throughout the nation.

A copy of the current market index—
"A condensed picture of security and
business prospects"—sent on request.

Please ask for chart "C-3"

Standard Statistics Company, Inc.

"The World's Largest Statistical Organization"

47 West Street

New York City

2 cents a pound. With values as they ordinarily prevail, this will mean only about 10 per cent ad valorem. This is too low, and we believe that the agricultural bloc should insist either on a 15 per cent ad valorem or a duty of 3 cents a pound.

The shoe manufacturers and retailers are putting up a bitter fight against the hide tariff, claiming that it will help only the packers, and that it will add 75 cents to the retail cost of each pair of shoes. This is pure propaganda. The increase in hide prices as a result of the tariff will not amount to more than 10 cents on a pair of shoes. Any benefit to the packers as a result of higher hide prices will be passed on in large measure to the farmers, for it is a matter of record that the packers in buying cattle take into account not only the meat value but also the by-product and hide value.

In fact, says this farm paper, which belongs to the family of the present Secretary of Agriculture:

Everything considered, the farmers should be fairly well satisfied with the Senate bill. They have more nearly secured a square deal under it than any other tariff which has ever been presented to Congress.

Textile World agrees that the farmer ought to be satisfied, for it considers the Senate bill "an almost complete surrender to the farm bloc." It adds:

The influence of the farm bloc is reflected in the textile schedules by the transfer of flax and hemp to the dutiable list, by the imposition for the first time on record in a permanent tariff bill of a duty on raw cotton, and by raw wool duties that are the highest, and the most impractical and indefensible on record.

It is true that fairly adequate compensatory duties have been provided for the manufactures of these raw materials, but the burden placed upon consumers is a heavy one and the net benefits to domestic growers of these raw materials is decidedly problematical, to say the least.

By its abandonment of the American valuation system for the foreign valuation basis of levying ad valorem duties, the Senate Finance Committee has introduced a preferential tariff in favor of Germany and other central European countries whose currencies are seriously depreciated.

Examining the new bill from the standpoint of the chemical and drug industries, *Oil, Paint and Drug Reporter* regards it as setting "a new record for protective endeavor." It adds:

No doubt this fact will add to the vigorosity with which the measure will be opposed. Taking into consideration also the differences between the House and the Senate measures, the logical conclusion is that the bill will be a long time in the finishing stages.

Its effects are already apparent in several directions, for stocks of various commodities are being accumulated against the day of the new and high duty imposts. Tariff making has developed a number of new phases since the pending bill was originally introduced, and not all of them are reflected in the latest form of the measure. The outcome of the further deliberations is, therefore, likely to remain long in doubt.

The rates on drugs and chemicals are, in the opinion of *Drug & Chemical Markets*, none too high "to protect the industry here from the assault of foreign producers," nor does it see much hope even in present rates without the American valuation plan in effect:

To those free-traders who throw their arms aloft in mock horror at the "terrible" rates which the Senate Committee wishes to "saddle" on the American people, let it be said that the temporary elimination of the American valua-

BUSINESS STUDIES

A number of pamphlets are available for distribution by the Chamber of Commerce of the United States. There is given below a list of some of the booklets. One copy of each will be sent free on request. A nominal charge amounting to the cost of printing will be placed on additional copies.

Our World Trade—January to September, 1921.
Free Zones—What They Are and How They Will Benefit American Trade.
What a "Cost System" Should Do For You.
International Credits—Referendum No. 1, issued by the International Chamber of Commerce on the application of the Tar Meulen Plan.
Fabricated Production Department—Its service to those engaged in manufacturing and production.
The Railroad Situation—Statement of Secretary of Commerce before the Interstate Commerce Commission.
Means for Presenting Public Interest in Transportation—Report of Railroad Committee of the Chamber of Commerce of the United States.
Trade Association Activities—Correspondence between Secretary of Commerce Hoover and Attorney General Daugherty on Legitimate Activities of Trade Associations.
Overhead Expenses—A Treatise on How to Distribute Them in Good and Bad Times.
Depreciation—A Treatment on Depreciation and Production.
Reduction of Merchandising Expense—Methods which Distributors Are Applying to Ease the Process of Readjustment.
Promoting Foreign Trade—Foreign Trade Work of Commercial Organizations.
European Problems Affecting American Business—Report by Special Committee on Economic Conditions in Europe.
Railroad Questions Before Congress—Testimony of Railroad Security Owners.
How You Should Vote on a Referendum.

Why You Should Vote on a Referendum.
Agricultural Bureaus and Committees.
Building and Maintaining a Local Chamber of Commerce.
Retail Trade Extension—Activities undertaken by Chambers of Commerce.
Industrial Development—Activities undertaken by Chambers of Commerce.
German Competition—Movement of trade as indicated by official statistics.
National Chamber's Civic Work—Purpose of the Civic Development Department.
Perpetual Inventory or Stores Control—How to keep investment in materials and supplies down to the minimum consistent with efficient operation.
National Obligations to Veterans—The costs of war borne by the States and the government.
Treaty Ratification—Report of the Committee on Foreign Affairs regarding ratification of the several treaties of the Conference on the Limitation of Armament.
Department of Commerce and Trade Associations.
Conference of Representatives of Trade Associations With Secretary of Commerce.
Merchandise Turnover and Stock Control—Knowing what is taking place, while it is taking place. Study by Domestic Distribution Department.
Analysis of the Senate Tariff Bill—Showing wherein it meets or fails to meet the tariff policy of the Chamber of Commerce of the United States.
Coal Situation—as of April 22.

CHAMBER OF COMMERCE OF THE UNITED STATES, WASHINGTON

tion plan comes mighty close to making the whole chemical ad valorem schedule a huge joke.

European calculation will very effectively reduce the protection originally intended by the House, while in addition the numerous rates which have been cut fully offset any advances by the Senate. Too well known is the connivance of European shippers in placing an artificially low value on goods sent to America. With foreign valuation, unless it be a genuine valuation, which is well nigh impossible to obtain, ad valorem duties, no matter how great, cannot be effective.

The Winsted Label Decision May Have Wide Effect

THE decision of the Supreme Court of the United States, upholding the Federal Trade Commission in ruling that the Winsted Hosiery Company might not label goods which were not all wool as "merino," "wool," or "worsted," has aroused not only the textile but other lines. *Textile World* accepts the ruling as beneficial and explains:

As a matter of fact, as far back as 1919 a committee of underwear men took up the subject of labeling of underwear in view of the complaint of the Federal Trade Commission against the Winsted Company. At that time these manufacturers drew up a list of terms under which the words "wool" or "all wool" should be applied only to garments actually made entirely of wool. They also defined other terms which could, in all honesty, be applied to individual underwear products in a way which would leave no doubt in the minds of the consumer as to the component materials used.

This move on the part of the trade was a forward-looking action designed to eliminate any imputation of attempts to deceive the public which might attach to manufacturers, and it would appear that their activity in this direction has been justified by the legal decision just rendered. It is specifically denied by those who have been interested in the matter that the issue had been made a test case by the Winsted Company in behalf of other knit goods manufacturers, and it is pointed out that there was a general adherence to the policy of complete publicity in the labeling of their products by the great majority of the trade and complete accord by all members of the committee which had this matter in charge.

It is realized that the decision of the Supreme Court may mean hardships for manufacturers who have long-established methods of distribution and well-established labels that may have to be altered, but if the textile industry is to gain from the decision in the eyes of the public a reputation for dealing fairly and cooperating fully in the development of business ethics, the pronouncement of the court may have accomplished decidedly gratifying results.

Of the possible effect of the ruling on other industries *Price Current—Grain Reporter* says:

One immediate effect of the decision, over and above the obvious and direct one, is the extension it gives to the authority of the Trade Commission over trade practices. The U. S. Circuit Court of Appeals, to which the cause was originally taken, had ruled that the order of the commission to the Winsted Company to "cease and desist" was "not within the province of the commission"; but the Supreme Court says that the commission having established the fact that the labels were deceptive, it is "authorized to order that their use be discontinued."

"Misbranding" in our trades has thus far come under the purview of the Bureau of Chemistry only. Does this Winsted decision, then, throw the industries in which our readers are interested within the jurisdiction of the Federal Trade Commission also? It would

Are Your dealers selling the other fellow's goods?



Have you suffered the shock of
finding your goods sound asleep in
retail stores you had counted yours?

HAVE you ever found
"your" dealers actively
and aggressively pushing a
competitor's line?

☐ That's a common state of
affairs, but one often not
suspected by manufacturers
who have wide distribution.

☐ It's a situation covered
briefly in a book entitled
Promoting Sales, that we

would like to send to any
executive responsible for
increasing sales.

☐ In addition to the Sales
and Advertising Managers
of your company, there are
others who probably will
be interested.

☐ We will gladly send copies
to each of them at your
suggestion.



The Corday & Gross Co.
Cleveland
Effective Direct Advertising

FOR SALE

BILLING MACHINES—GOOD AND NEW

A large Insurance Company by reason of certain changes in their Accounting Departments has for disposal a number of Moon-Hopkins Billing Machines. These machines are all in first-class condition, equipped with several "Total Accumulators" and are comparatively new. Anyone interested may secure one or more at a most attractive price.

Box 140, The Nation's Business,
Mills Bldg., Washington, D. C.



Do You Want an Experienced Manager

For Commerce or Trade Association Work?

I have had a thorough experience—five years of commercial organization work, eight years publicity and sales and two years in municipal work.

If your organization wants a competent man who has a record of action and accomplishment under difficult conditions, I shall be glad to furnish complete details of a thoroughly reliable secretary. Address Executive, Box 142, The Nation's Business, Mills Bldg., Washington, D. C.

The NATION'S BUSINESS Today Reaches 47,628 Corporations

In these corporations the magazine is being
read by the following major executives:

Presidents	20,385
Partners, Proprietors	4,968
Vice Presidents	9,224
Secretaries	8,910
Treasurers	4,320
Directors, Chairmen of Board, Comptrollers, General Counsels, Superintendents and En- gineers	4,293
General Managers	6,426
Major Executives	58,526
Other Executives	27,728
Total.....	86,254

If this is your market we shall be glad to give
you complete details.

THE NATION'S BUSINESS
WASHINGTON

CHICAGO OFFICE
801 OTIS BLDG.

NEW YORK OFFICE
1400 WOOLWORTH BLDG.

CLEVELAND OFFICE
2122 DISCOUNT BLDG.

Another Hockenbury Success!



W. L. Stoddard,
Architect, N. Y.

Financing Community Built Hotels

Here is a typical example of how an under-hoteled city overcame its handicaps.

A group of representative citizens of Johnson City, Tennessee, undertook the financing of the above pictured hotel, under the direction and guidance of The Hockenbury System Incorporated.

In one week's time the stock was over-subscribed, and today their city's new Hotel is nearing completion.

The plan followed out by Johnson City and numerous other cities throughout the United States is more fully told in the booklet, "Financing Your City's New Hotel," a copy of which will be mailed upon request.

The Hockenbury System Inc.
Penn-Harris Trust Bldg. - Harrisburg, Penna.

seem so. There can hardly be exceptions made. The reasoning is this: "The honest manufacturer's business may suffer, not merely through a competitor's deceiving his customer, the retailer, but also through the competitor's putting into the hands of the retailer an unlawful instrument which enables the retailer to increase his own sales of the dishonest goods, thereby lessening the market for the honest product. That a person is a wrongdoer who so furnishes another with the means of consummating a fraud has long been a part of the law of unfair competition. And trade marks which deceive the public are denied protection, although members of the trade are not misled thereby."

As in the Winsted Case, the Court says, "a substantial part of the public was misled by the use of the labels employed, the public had an interest in stopping the practice as wrongful; and since the business of trade rivals who marked their goods truthfully was necessarily affected by that practice, the commission was justified in its conclusion that the practice constituted an unfair method of competition; and it was authorized to order that the practice be discontinued."

Modern Miller also sounds a note of warning to the flour men:

Under this decision it would appear that descriptive matter in labels must be in every way a description of the products. This question has been up before, at various times, in connection with brands denoted "spring wheat flour," "hard winter," "soft wheat flour," etc., and some mills met the issue by brands without any descriptive term.

Again that Family of Five and What it Must Earn

RAILWAY AGE, in a recent issue, takes up the address of B. M. Jewell of the railway shop crafts at the wage hearing before the Labor Board at Chicago, and succeeds in reducing it to absurdity.

Mr. Jewell, as the *Age* quotes him, said that "the average family of five needed to maintain it, according to a healthful standard of living, \$2,637 a year." On this basis, he said, "the railroad mechanics must earn 40 per cent more than they are now being paid by the railroads."

Taking its pencil in hand the *Age* figures:

On this theory each railway employee of every class should be paid an average of \$2,637. There are at present about 1,700,000 railway employees. An average wage of \$2,637 for all would make the railway payroll over four billion, five hundred million dollars a year, or about one billion, seven hundred million dollars more than in 1921. If the railways had had this payroll in 1921, and all other expenses had been the same, their expenses and taxes would have exceeded their earnings by about one billion dollars—they would not have had a cent for fixed charges. Under normal business conditions the railways have about two million employees. The average wage advocated by Mr. Jewell would make the normal payroll about five billion, two hundred seventy-five million dollars, or almost equal to their total earnings in 1921.

Applying this to the whole United States, the editor says:

We should be most glad to see every worker in the United States receive even more than the wage Mr. Jewell mentions. But the industry of the country cannot meet the payroll that would result without a vast increase of production. The statistics of the census show that there are about forty-two million persons "gainfully employed" in this country. To provide them the average income, Mr. Jewell suggests, would require an annual production of one hundred and eleven billion dollars.

(Continued on page 52)



How do you buy your fire insurance?

When it comes time to look into the matter of a policy renewal or the insurance of a new plant, how do you go about it?

Do you use the same methods as the purchasing agent who is always seeking the best value for the money expended?

If you do, you will find it worth while to investigate the facilities offered by a policy in the Hartford Fire Insurance Company, and to look into the Fire Prevention Service that is featured by that Company alone.

Even if you are not a Hartford policyholder, we shall be glad to show you by examples how this Fire Prevention idea may be made practical. Write on your regular letterhead to:

**Department of
Special Service**

**Hartford Fire
Insurance Co.**

**Hartford, Connecticut
U. S. A.**



*The Seal of Certainty
on a
Fire Insurance Policy*

*There is a local agent of the
Hartford near you. Shall
we tell you his name?*

B

WITHOUT
LB SERVICESpace required
to handle
137,000
accountsWITH
LB SERVICE50% less space
for handling
160,000
accounts50% space gained! The chart
shows how L. B. made this
possible for a New York bank.

The Six Big Divisions of Library Bureau Service

1. Special Service

Analysis Service
Indexing Service
Statistical Service

2. Specialized Departments

Bank Department
Government Department
Insurance Department
Library Department

3. Filing Systems

Alphabetic
Geographic
Numeric
Subject
L.B. Automatic Index

4. Card Record Systems

L.B. Sales Record
L.B. Stock Record
L.B. Card Ledger
L.B. Visible Record File

5. Cabinets—Wood and Steel

Card index cabinets
Counter-high units
Horizontal units
L.B. Card record desks
Vertical units
L.B. Record safe

6. Supplies

Cards

Over 1,000 styles of plain
index and stock forms

Folders

L.B. Reinforced folders
Plain and tab folders

Guides

Plain, printed and cellu-
loided
Removable label guides
Metal tip guides

Increase profits; decrease costs

How the L. B. Card ledger helps

To help you increase your profits either through increased business or decreased expenses—that is the primary purpose of L. B. service.

For example, the L. B. Card ledger can save costly time for every business.

Instead of laboriously thumbing through pages of an unwieldy book—instead of wandering through a maze of active and inactive accounts—you simply let your fingers travel nimbly over the cards to the account you want.

A single handy L. B. Card ledger desk houses 24,000 accounts within arm's reach of a seated clerk. Compare such convenience with the number of bound or loose-leaf books you now use and the space they now occupy.

Call in an L. B. representative—learn the full facts about the L. B. Card ledger for your business. Write or call our nearest branch.



Plans

Makes

Installs

Card and filing systems - Cabinets - Supplies

Boston

Albany
Atlanta
Baltimore
Birmingham
Bridgeport
Buffalo
Cincinnati
Cleveland
Columbus

New York

Denver
Des Moines
Detroit
Erie
Fall River
Hartford
Houston
Indianapolis
Kansas City

Philadelphia

Louisville
Milwaukee
Minneapolis
New Orleans
Newark
Pittsburgh
Portland
Providence
Richmond

Chicago

St. Louis
St. Paul
Scranton
Springfield
Syracuse
Toledo
Washington
Worcester

Distributors:

Dallas, Parker Bros.
San Francisco Seattle
Portland, Ore. Oakland
F. W. Wentworth & Co.
Los Angeles
McKee & Wentworth
Salt Lake City, C. G. Adams

Foreign Offices—London Manchester Birmingham Cardiff Paris

The most complete and authoritative investigation of the production and income of the people of the United States ever made is that recently conducted under the auspices of the National Bureau of Economic Research, the results of which have been published in a book entitled "The Income in the United States." This shows that the total production of our people reached its maximum in 1919 when it was sixty-six billion dollars. This was measured in the high prices prevalent at that time. Equated on the basis of the prices of 1913, the production and income of the country reached their maximum in 1917 when they were forty-one billion dollars. Therefore, on the basis of the prices of 1919, Mr. Jewell proposes a payroll for industry exceeding, by forty-five billion dollars, the largest total production ever attained, and on the basis of the prices of 1913 a payroll exceeding by seventy billion dollars, or 170 per cent, the largest production ever attained.

John M. Keynes's Plans for Europe's Money Systems

WRITING in the *Manchester Guardian* on the eve of the Genoa Conference, John Maynard Keynes, author of "The Economic Consequences of the Peace," gave Europe some advice on what should be done to stabilize her exchanges. Mr. Keynes premises that no other solution is practicable than a "gold standard in as many countries as possible," but, he says, one difficulty has been a confusion as to the actual problem to be tackled. As he explains:

For in fact the problem of stabilizing is hopelessly entangled in the minds of almost everyone with a different problem—namely, the problem, not of fixing the relative value of different moneys, but of raising the absolute value of the particular national money in which each country is interested. This is the problem of improving or appreciating the exchanges (from the point of view of the particular country), or, as it is now often called, the problem of deflation.

Not only is the aim of improving an exchange distinct from that of stabilizing it, but it is an opposed idea. If the dollar is worth 200 marks, or the pound is worth four dollars, the project of raising the value of the mark so that no more than 100 go to the dollar, or of raising the value of the pound so that it may be worth nearly five dollars, so far from fixing the exchanges, means a deliberate policy of altering them. Those who aim at improving the exchanges no doubt intend to stabilize them afterwards—that is to say, when the desired level of value has been attained. But, so long as the process of improving an exchange continues, it is mere confusion to speak of it as one of stabilizing.

At present there is not a single European country in which the authorities have made it clear whether their policy is to improve the value of their currency or to stabilize it. It will be difficult to make progress until the two problems have been separated. At present stabilization is the popular cry—that is to say, the word on the lips of prime ministers and journalists. But, to judge from other indications, this is not at all what the governors of the state banks of Europe are taking as their ideal: their policy, whether they follow it successfully or unsuccessfully, is to improve their exchanges.

Mr. Keynes holds that it is more important to "fix the exchanges than to improve them." After reviewing the arguments for deflation and those for stabilization he then presents these as his conclusions:

Some such resolutions as the following ought therefore to be brought before the Genoa Conference in order to clear the way:

1. Those countries of which the legal tender money has a gold value depreciated by more

than 20 per cent below its value in 1914 are advised not to attempt a restoration of their currencies to the pre-war gold value.

2. It is desirable that all currencies should become exchangeable against gold at a fixed rate as soon as possible, and with this object in view the rates at which their new gold values are fixed should be chosen on the basis of what it appears practicable to maintain with reasonable certainty in the near future.

3. The next general point to consider is the use of gold in actual circulation. It is essential to prohibit this, since Europe will need all her gold as a reserve against exchange fluctuations, and cannot afford to see any of it uselessly dissipated in the pockets or hoards of the public. This should form the subject of a third general resolution, to the effect that the Powers agree that, while their banks will issue legal tender money against the delivery of gold, they will not mint actual gold coins or allow them to circulate as a legal tender. Whilst gold should be available on demand in exchange for notes at a fixed ratio, such gold should be intended for export only and for the settlement of international debts; and, to encourage this, notes might be made exchangeable for gold (in the form of bars or foreign coin) only in amounts of, say, £50,000 or more.

Log of Organized Business

ANNOUNCEMENT was made recently by the American Section of the International Chamber of Commerce of the appointment of Basil Miles, who was secretary of the American delegation to the Limitation of Armament Conference, to be the American Administrative Commissioner at the headquarters of the International Chamber at Paris. Mr. Miles succeeds Frederick P. Keppel, who has resigned to become connected with the Russell Sage Foundation.

Mr. Miles' experience in the diplomatic service fits him for the work he is about to take up. Last July, only a short time after he had arrived in America from a trip around the world, he was drafted into the service of the State Department and given the task of setting the stage for the Disarmament Conference.

When the conference started November 12, Mr. Miles became secretary to the American delegation. He also was assistant to John Garrett, the Secretary General of the conference, and in that capacity handled the machinery of the plenary sessions.

After graduating from St. Mark's School and the University of Pennsylvania, Mr. Miles went to Balliol College, Oxford, where he studied the economic results of the American Revolution. From there he went directly to St. Petersburg in 1905, to be an attaché at the American embassy under Ambassador George Meyer. Later he was made third secretary of the embassy and soon after was sent to take the same position in Berlin under Ambassador Charlemagne Tower.

Mr. Miles was then transferred to be second secretary of the embassy in Mexico, but before proceeding he was called to Washington by the Post Office Department and given the position of supervisor of foreign mails. While in this office he was instrumental in reorganizing the parcel post service and played an important part on the committee that wrote the first postal savings regulations under Postmaster General Hitchcock. After that he served for two years with the National Chamber of Commerce.

In 1916 he again entered the diplomatic service and was sent to Russia to take charge of the German and Austrian prisoners of war.

(Continued on page 54)



Carry the Actual Demonstration Right Into Your Prospect's Office

YOU can't take your big truck, locomotive, or crane into your prospect's office. But you can, with an Acme portable motion picture machine, show him a vivid, accurate picture of your product at work. And you can sell him because he has a doubt-destroying, eye-proof demonstration which backs up your sales talk.

The cost of producing a good, standard film of your product, together with motion picture equipment, should not run more than the annual salary of the average stenographer, and the films and operating equipment will serve for years. Salesmen never encounter difficulties or mishaps operating the simple Acme machine. It runs on either direct or alternating current from any light socket or automobile. And it is carried instantly ready to go.

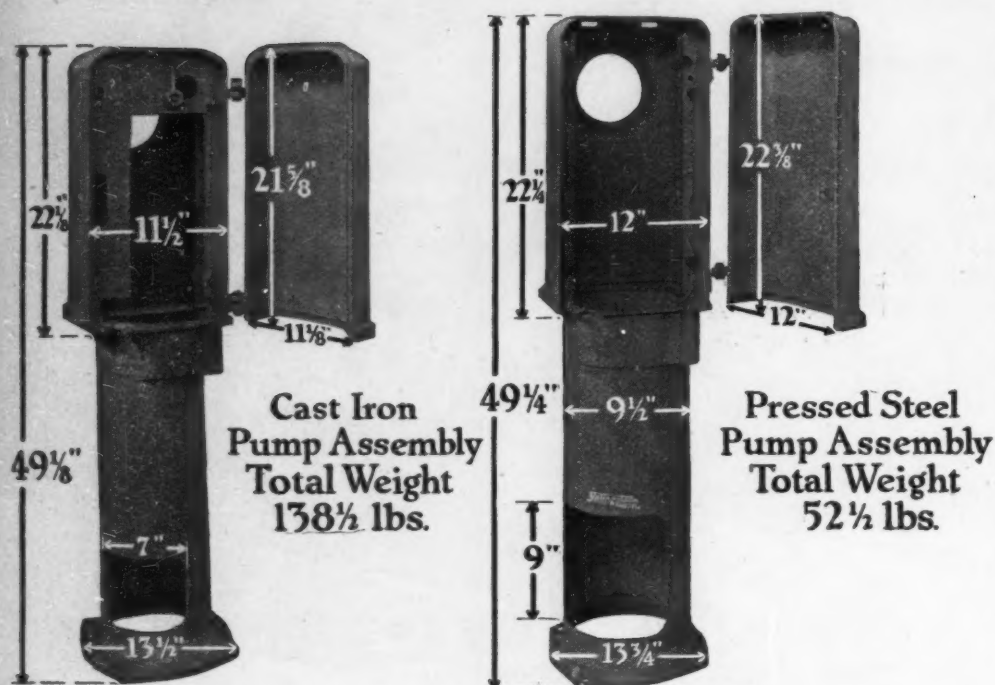
Without obligation on your part, may we have one of our experts study your problem—analyze your requirements—and advise with you concerning the costs and advantages of motion picture selling? The coupon below is for your convenience.



Acme Motion Picture Projector Company
Industrial Service Department 61,
806 West Washington Blvd., Chicago, Illinois.

Gentlemen: Without obligation to me, please send full details about motion picture selling with the Acme Portable. I am interested in knowing what it will cost to film my product.

Name.....
Business.....
Address.....
City and State.....



One Pound of Pressed Steel Does the Duty of Three Pounds of Castings

A 62 per cent saving in weight was realized by The Wayne Tank and Pump Company of Fort Wayne, Indiana, on the pump assembly illustrated, when they decided to have us "Press it from Steel Instead."

In other words, our Engineering Department is making a little more than one pound of

pressed steel do the work of three pounds of cast iron. And the savings are not only realized in material alone, but also in freight charges, shop handling and installation costs. At the same time a better assembly, not liable to breaks from accidental bumps, is delivered to the buyer of the pump.

Get These Savings Into Your Product

Compare the figures — 52.5 pounds of pressed steel as against 138.5 pounds of castings previously required — and the pressed steel assembly capable of more upstanding service. Then consider the castings you are using and the saving in material costs pressed

steel might make for you. Our Engineering Department is prepared to work with you in redeveloping castings into pressed steel if you will send us a sample or blue print and brief description of the purpose of any cast part you are now using.

"Press it from Steel Instead"



This folder tells the complete story

The interesting story of this pressed steel development — which consists of four separate parts — is told in an illustrated folder. A copy will be sent on request to any interested executive.

When America entered the war, his work being over, Mr. Miles made a trip to Siberia to report on conditions there, but returned to Petrograd again to become secretary of the Root Commission. On returning Mr. Miles was commissioned by the State Department to form a division of Russian Affairs, of which he was made chief.

International Meeting in Rome

THE next general meeting of the International Chamber of Commerce will be held in Rome, Italy, the week of March 19, 1923, according to cable advices received by the American Section of the International Chamber.

In arriving at this decision the Board of Directors of the International Chamber, which just met in Paris, was influenced to a great extent by the possibilities of the Genoa Conference.

The International Chamber of Commerce has already expressed itself both at its Paris and London meetings on problems which are now before this conference. It has made recommendations relating to the limitation of armaments, balancing of budgets, restriction of further issues of paper currency, problems of exchange, organization of public and private credits, the ter Meulen plan, facilities for import and export commerce, problems of tariff, German reparations, inter-allied debts, protection of private property, treatment of foreign banks and of foreigners as to taxation, technical aid to industrial organizations, reconstruction of devastated areas, and the problem of transportation and communications generally, all of which the European governments are now taking up definitely in the conference at Genoa.

These recommendations made to the various governments and emphasized by the International Chamber during the past two years have already been productive of results. The International Chamber hopes that further results will be brought about through the Genoa Conference. It is, therefore, deemed advisable to await the conclusions of the conference before planning for the next meeting of the International Chamber.

The Executive Committee of the International Chamber meets in Paris on May 26 and will be followed by a meeting of the Board of Directors on July 10. At that time it is expected that the results of the Genoa Conference will be fairly definite, and plans will be made for the general meeting.

Standardized Trade Terms

A PREFERRED list of trade terms commonly used in the business world will soon be issued by the Trade Terms Committee of the International Chamber of Commerce, according to information just received by the American Section of that organization. The United States is represented on the committee by Percy H. Jennings, president, American Trading Company, New York; R. H. Cabell, Jr., managing director, Armour and Company, Paris; C. D. Snow, manager, Foreign Commerce Department, Chamber of Commerce of the United States.

The American Section of the International Chamber says:

For many years the business men of all countries have been caused a great deal of inconvenience and in many cases financial loss by the various interpretations given to the terms or abbreviations used in shipping and quotations on overseas transactions. Disputes which have arisen from these different meanings have led to many disastrous misunderstandings between various nationals.

The more commonly used terms involved

YOUNGSTOWN PRODUCTS FOR MANUFACTURER & BUILDER

AGRICULTURAL	AUTOMOTIVE	GENERAL	FIREPROOFING
TOOL & WEIGHT BOXES · SEATS	RADIATOR SHELLS · CRANK CASES	LIFT TRUCK PLATFORMS · TANK HEADS	MACHINE GUARD · FACTORY PARTITION MATERIAL
LEVER LATCHES · FURROWING WHEELS	HOUSING COVERS · BRAKE DRUMS	INDUSTRIAL CAR WHEELS · WHEEL DISCS	CYD FORMED CHANNELS · ANGLES · BOTH HEAVY & LIGHT
HARROW TOOTH CLAMPS · CULTIVATOR SHEETS	CLUTCH DISCS · STEP HANGERS	HATCH CLEATS · BARREL HEADS	YOUNGSTOWN G-PARKER CORNER BEAD · EXPANDED METAL
LAND ROLLER HEADS	HUB FLANGES	COMPOUND BOXES	MAHONING ZEE · IDEAL METAL LATH

THE YOUNGSTOWN PRESSED STEEL COMPANY

Youngstown
REG. U.S. PAT. OFF.
PRODUCTS

MAIN OFFICES AND FACTORIES
WARREN, OHIO
DISTRICT OFFICES
New York — 50 East 42nd Street
Chicago — 220 South State Street

in international trade are: F. O. B., F. A. S., C. I. F., C. & F., L. C. L., F. O. R., F. O. T. Probably the best known and most used of all these is F. O. B., which by virtue of long tradition means, in England, "free on board boat." To indicate the same meaning, in the United States, the word "vessel" is added and in this latter interpretation other member countries of the International Chamber concur.

The paramount importance of a mutual understanding of such terms as this is evidenced by a case recently decided in which an Australian had purchased certain goods F. O. B. from an American firm. The latter charged transshipment expenses, and others over and above the price agreed upon; the Australian, considering that he had bought the goods to be delivered free on board vessel, refused to pay the additional expense until forced by the courts to do so. The foregoing is but one of many cases that could be cited, in which, despite the *bona fides* of international traders, disagreements have arisen through different interpretations of terms in universal use.

The International Chamber of Commerce, at its first meeting in 1920, undertook the difficult task of standardizing trade terms for use among its member countries. After much constructive work by its committee, the International Chamber, at its annual meeting last June, gave still greater impetus to this work. This Congress, in which participated over 1,200 business men representing practically every important commercial country in the world, considered the standardization of trade terms of great importance and as a result of this interest splendid results have been achieved to date.

A brochure of definitions of trade terms, adopted at a conference held in this country in December, 1919, under the auspices of the National Foreign Trade Council, with the assistance of the Chamber of Commerce of the United States; National Association of Manufacturers; American Manufacturers Export Association; Philadelphia Commercial Museum; American Exporters and Importers' Association; Chamber of Commerce of the State of New York; New York Produce Exchange; and the New York Merchants' Association, is America's declaration of her understanding of the meaning of the various terms.

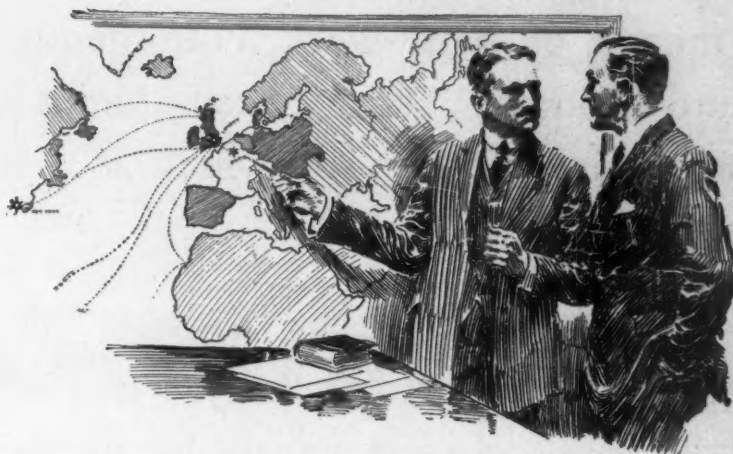
Similar statements of their interpretations have been prepared by other countries and a special subcommittee of the International Chamber has been appointed to prepare standard definitions to be agreed upon by all members. It is to be noted that the majority of these are in agreement with the definitions contained in the American brochure. The International Chamber will make clear the accepted meanings of the terms in each country and will set up a preferred list of definitions most commonly accepted, leading to universal understanding on this important matter.

International Arbitration

RULES for international commercial arbitration to settle disputes arising between business men of different countries have just been approved in principle by the Council of the International Chamber of Commerce.

In making this announcement the American Section of the International Chamber points out that commercial disputes will be settled more effectively and with less delay and expense under the rules than by litigation in courts of foreign countries. The statement of the American Section says:

The rules deal with the subject in three phases: conciliation, as distinct from arbitration; arbitration between business men of countries in which there are no statutory provisions for the enforcement of awards; and arbitration, where local legislation enforces awards. Cases under the first are to be dealt with by the Administrative Commissioners who



*An importer asked
this question:*

**"How can your foreign offices
help me?"**

THIS WAS THE ANSWER: By carrying an interest-bearing account with either the London or Paris Office of The Equitable, you may—

1. Enjoy the advantages of an American bank, employing American methods, in the handling of your foreign business.
2. Pay foreign bills by check, thus effecting a saving in interest.
3. Estimate import costs on a definite exchange basis, thus eliminating the speculation in-

involved in meeting obligations at a future date.

4. Buy exchange to replenish your balance when you consider rates to be most favorable.
5. Establish a valuable local reference overseas.
6. Secure first-hand trade and credit information.
7. Save your traveling representatives time and trouble through the Foreign Travel Service of our Paris Office.

The officers of the Foreign Department will gladly tell you in person or by correspondence how The Equitable can be of service in the conduct and development of your overseas business.

THE EQUITABLE TRUST COMPANY OF NEW YORK

LONDON
3 King William St., E.C. 4

37 WALL STREET

PARIS
23 Rue de la Paix

Ethics of Credit

By means of hard work, courageous enterprise and economy, society accumulates capital, a considerable portion of which is entrusted to banks.

This surplus capital, as a basis of credit, becomes a great public utility. It should be employed in such ways as will be of the greatest benefit to the community. That is the moral responsibility of those who deal in credit.

It serves most fully the common good in stimulating productive enterprise—in balancing production with consumption—in moving goods from the producer to the consumer with the least cost and waste of effort.

The National Bank of Commerce in New York believes that the beginning of a new business cycle is near at hand. It is impressed with the necessity of economic business practices if the foundation of enduring prosperity is to be created. It believes that the soundest individual credit is that into which enters the recognition of these broad general principles.

National Bank of Commerce
in New York

Capital and Surplus Fifty Million Dollars



represent the different countries in the International Chamber at Paris. Those coming under the other two classifications will be settled by arbitrators selected by the International Chamber from a list of men especially qualified in different branches of industry, commerce and finance.

Enforcement in the first two classes will be by moral suasion brought to bear through national commercial organizations in the various countries. Awards in the last class will be made effective by law.

The need for international commercial arbitration has been realized by the business world for many years. The practical utility of such arbitration has been demonstrated by the successful operation of the agreements between the Chamber of Commerce of the United States and the commercial organizations of Latin American countries. This principle will be extended by the International Chamber to the leading commercial nations of the world.

Foreign Affairs Committee

THE Board of Directors recently authorized the creation of a Committee on Foreign Affairs.

The National Chamber has not only a Committee, but a Department on Foreign Commerce, so that the function of this new committee is not primarily to deal with trade relations, except in their largest phases, but has mainly to deal with questions of friendly and sound relations between countries and the base of establishing such relations. Commercial treaties, the policy of the United States in reference to the protection of American interests abroad, concessions, and international debts, illustrate the type of subjects this committee is expected to handle.

Navy Personnel

JOSEPH H. DEFREES, president of the National Chamber of Commerce, recently sent copies of the following letter to the members of the House of Representatives, and a similar letter to the President, the Secretary of the Navy, and other members of the Cabinet:

At a meeting of the Board of Directors of the Chamber of Commerce of the United States held in Washington, April 11 and 12, 1922, the action of the Committee on Appropriations of the House of Representatives in reporting a bill limiting the personnel of the Navy to 67,000 men came up as an emergency matter of great importance to the country. A special committee was accordingly appointed, composed of members of the board representing different lines of business activity and the different sections of the country, to make an immediate study of the situation and to report to the board before its adjournment.

The committee carefully examined the statements put forward by the Secretary of the Navy in behalf of a larger personnel, the report of the Appropriations Committee and the utterances of the President of the United States and reported to the board the following resolution:

Resolved, That the Committee of the Board of Directors of the Chamber of Commerce of the United States hereby approves and supports the conclusions reached by the Disarmament Conference and later embodied in the Four Power Naval Treaty which has been ratified by the United States Senate; that the intent of said Treaty be carried out to the letter and that, as bearing on the needs of the Navy with respect to its personnel, this committee supports unqualifiedly the recommendations of the Commander-in-Chief of the Army and Navy, the President of the United States."

The board unanimously directed that this report be transmitted to the members of the House of Representatives. We are accordingly calling this resolution to your attention and trust that it will receive your careful consideration.

(Continued on page 57)

Fighting Bad School Buildings

BUSINESS organizations are cooperating with the Civic Development Department of the National Chamber of Commerce in a nation-wide survey which will answer the question: "Are our school buildings helping or hindering the effort to give our children the best possible start in life?"

The National Chamber recently sent to local chambers a pamphlet called, "The Schools of Your City, Buildings and Equipment," and a tabulation sheet for the use of those who examined the school plants. This pamphlet is being used as a guide by members of chambers of commerce in learning the facts as to the schools in which the children of their community receive the training designed to make them more effective workers and citizens. It demonstrates what standards may be taken as typically American by presenting the best thought of experts.

The pamphlet asks some questions which every parent and taxpayer should find of vital interest. Nearly every American city has some school buildings of which it is proud, but the question is: Are there any schools in your city of which you should be ashamed? Were the school sites in your city chosen for the convenience and safety of the children and with an eye to the probable future trend of population, or was a piece of cheap land or the desire to make the school building a "show" place the deciding factor? Were walking distances, railroad crossings, main thoroughfares, uses of adjacent property, given proper consideration in locating the school? Do we compel our children to attend school in buildings where improper lighting ruins the eyes, wrong seating twists the backs, and poor sanitation promotes disease? Are the children herded in fire traps? Are they crowded into the streets for their playtimes?

The chambers of commerce of some sixty cities have already sent in their findings as to their school buildings. These cities cover twenty-seven states and range in population from 1,000 to 315,000. The total number of school buildings examined is more than 700. Some of these buildings have been in use since 1840; others have just been completed. In many of the cities there are numerous school buildings to which the citizens may point with pride because of the fine arrangement of rooms, lighting, ventilation, heating, water supply and fire protection, but in every city there are some schools in which the children are not getting a fair chance. For instance, in 23 of the schools examined all the rooms have insufficient light, and in addition there are 442 rooms in various schools where the lighting is poor. In 46 of these rooms the children must face the light. The ventilation of 156 schools is reported unsatisfactory. The heater rooms in more than half of the schools are not fire proof. The heater is located under the stairways in 65 schools. In 35 schools the doors do not swing out. Three hundred and thirty-two schools do not have the stairways inclosed in fire resistive material. Scores of toilets are reported to be without adequate ventilation and light. It does no good to the child who attends a school with poor light and ventilation and inadequate play space to know that more favored children in another part of the city have proper equipment. The adequacy of the schools in a community is judged in the survey not by the one fine building but by the average of all.

With the season of new building and repairs coming on, the statement made at the close of the pamphlet, "The Schools of Your City," is most timely, "the time to correct



THE FIREPROOF BUILDING

Buildings are often incorrectly termed "Absolutely Fireproof." Many of them are, many more are not. They are of fireproof construction, but wooden doors and trim are used. In the event of a fire, there would be nothing at the door openings to stop its progress. The wooden doors would add fuel to the flames.

Dahlstrom Hollow Metal Doors in the openings would stop the fire. There is nothing in them to burn.

DAHLSTROM METALLIC DOOR CO.

481 Buffalo Street Jamestown, N. Y.

NEW YORK

25 Broadway

CHICAGO

19 So. LaSalle St.

DETROIT

1331 Dime Bank Building

Representatives in All Principal Cities

Illustrating the Bowling Green Telephone Bldg., New York City.
Equipped with Dahlstrom Hollow Metal Doors and Trim.



Are You Losing Money on Your Coal Properties?

Our specialty is making money out of coal property. Our records show that we have done it for 39 years. Give us the chance to make your coal property make money for you.



PEABODY
COAL COMPANY

Founded 1883

332 South Michigan Ave. - - CHICAGO

Operating 36 Bituminous Mines in 11 Fields with Annual Capacity of 21,000,000 Tons

I'LL WORK FOR LIFE

for \$4 paid in advance. I am the Modern Business Cyclopedia. I faithfully advise everybody in business—whether accountant, banker, exporter, efficiency expert, lawyer or broker—regarding any term or phrase used. I hold over 15,000 terms and definitions used by above, including 3,000 general and stock exchange abbreviations, and when consulted, I never mislead. Many users claim I save them thousands in fees and much time. \$4 brings me post-haste. Since I am guaranteed to please, you ought to ORDER ME NOW!

MODERN BUSINESS PUB. CO.,
Dept. N. B. 1367 Broadway, New York City.

Organizing a Company?

Save the usual incorporating expenses and taxes, and avoid personal liability by forming your organization on the regulation Common Law Plan under a pure Declaration of Trust. National Standard Forms (the work of recognized attorneys) furnish complete requirements with which anyone in any state can organize and begin doing business the same day. Pamphlet A-14 free. C. S. Demaree, legal blank printer, 613 Walnut, Kansas City, Mo.

Donley D. Lukens

The
Sales Letter Specialist

4908 Laclede Ave., St. Louis, Mo.

Using Us To YOUR Profit

We announce an advanced development in our plan of operation, as a result of years of careful study of industrial tendencies, and past methods, practice and philosophy.

We propose to specialize in analytical and consulting work, as staff advisors. Our long experience in the management field has equipped our firm members and associates to serve industry in a personal way through the medium of the following services:

Examinations—Including assays, surveys, investigations, management appraisals and reports for managers, banks, receivers and stockholders, made from an impartial viewpoint covering profit-making possibilities and programs of betterments.

Counsel—Including regular weekly or monthly visits for a given period on a retained basis for purposes of consultation and assistance in the solution of management problems arising in the meantime, or a specialized counsel available for short periods to cover specific problems.

Staff Supervision—Including counsel and general direction of individuals already in the client's organization working on industrial betterments, or of individuals to be secured through our assistance and placed in the client's organization to carry out a betterment program as devised by us.

Installation work we will do, as conditions warrant, at the suggestion and under the control of the client, as arranged for on the basis of a most careful determination of what should be done and the time required. The cost of this will be less than is usually the case.

Have your Secretary write for our Blue Book No. 3, which fully describes the branches covered by these services. If you also advise us which service you are interested in, we will include a brief outline giving more detailed information.

"Organized Personal Service"

Firm Members

C. E. Knoepfel
I. A. Berndt
D. T. Farnham
W. G. Scott

Firm Member Associates

A. E. Connor
H. L. Crowley
K. W. Jappe
B. B. Russell, Jr.
H. W. Maxwell
A. E. Murphy
W. E. Savage

C. E. KNOEPPFEL & CO., Inc.
Consulting Industrial Engineers
52 Vanderbilt Ave., New York

faults in the school plant in your city is now! The destructive fire, the deadly epidemic may not wait upon the convenience of those who are responsible for the welfare of the children. Injured eyesight, twisted backs, cramped lungs are the results of our neglect. The school children of today fill the ranks of business and industry tomorrow. Are you making it possible for them to succeed in the struggle of life?"

Seek Business Facts

IN AN address before the Mercantile Bureau of the Chamber of Commerce of Worcester, Mass., Alvin E. Dodd, manager of the Domestic Distribution Department of the Chamber of Commerce of the United States, said that business men are putting forth greater effort to overcome the inevitable waste which accompanies irregularities in distribution.

Every mail which reaches my office (he said) seems to prove this desire on the part of business men. A western merchant tailor writes asking for the average cost of conducting the elements of a merchant tailoring business. A department store asks for the usual turnover in its different departments—4½ in this instance. A fruit dealer asks the relative profits in stores selling fruits only, compared with those selling also fresh vegetables. An advertising agency wants to know the mark-up applied to washing powders in five and ten-cent chain stores.

The fact that these inquiries are received proves the mounting desire for information born of a newly acquired suspicion that distributors are living in a state of ignorance as to their own affairs. In other words, they are beginning to ask the experience of others in order to compare them with their own which leads to the discovery that the others are not

much better and may be even less informed concerning the facts of their own business.

All have heard the charges of retail profiteering. I know from the investigations of my department that there is nothing of the sort in a general sense and that specific instances are so rare as to be of no real significance. When the most offensive of these charges was given official approval by a member of the President's Cabinet, my department made an exhaustive investigation which proved indubitably, and to the most prejudiced mind, that all prices always have followed and always do follow and always will follow the economic law.

We discovered that the prices of raw materials, wholesale prices and retail prices, in past years went upward on lines nearly parallel and that following the rise to the highest point they fell in just about the same relation.

There seems to be a vigorous growth in the belief that price readjustments should be by means of the stairway, step by step, rather than by jumping out of the top story window or down the elevator shaft. Humpty-Dumpty's experience, although it happened long ago, remains vivid in our memories, and other commodities, while less fragile than eggs, still obey the law of falling bodies—the longer the drop, the bigger the smash.

Boston Chamber's Building

THE new building of the Boston Chamber of Commerce, which is expected to be finished by October of next year, will be one of the most complete of its kind in the country. It is to have many novel features.

A Boston business man, or a man in business in any other city, who comes to Boston on a night train, arriving here in the morning, can go to the building, have a bath, have his clothes pressed, be shaved, get breakfast, and then use for business purposes, if he so desires, one of the rooms in the Chamber's

quarters on the eleventh floor, where he can have stenographic services, telephone and telegraph services and such things as a business man requires.

The new building will provide ten floors of rental space; the two upper floors are reserved for the use of the Chamber itself. Its cost, including the purchase price of the site and the cost of razing the old buildings, may amount to \$5,000,000 or even \$6,000,000.

The first floor will be divided into banking and store spaces. In the basement there will be shower baths and dressing rooms for the members and a barber shop and cafeteria. These facilities, together with private dining rooms on the eleventh floor, which may be used also as conference rooms, will provide the best kind of accommodation to meet the needs of a business man.

Export Associations and Anti-Trust Law

EXPORT TRADE ASSOCIATIONS organized under the Webb-Pomerene Act of 1918 now represent something like a thousand plants and in 1920 exported merchandise valued at \$221,000,000.

These associations get the benefit of exemption from anti-trust legislation otherwise applicable to their activities only in so far as an association has been formed solely to engage in export trade and is actually conducted for that purpose. What constitutes export trade is generally clear, but there have been some doubts about specific acts technically being within the meaning of "export trade." There has come to be a question in some people's minds, for example, whether or not one of these associations may sell its goods to an exporter here or must always take its goods out of the country and sell them in such a way that the legal title passes in a foreign country.

On this kind of question there may in due course be some enlightenment; for on May 3 the Federal Trade Commission required one of the associations operating under the Webb-Pomerene law to appear before it and present its arguments upon certain questions, including the point whether or not it can be properly said to be engaged solely in export trade. In this case there may be a number of other questions, such as whether or not it is unfair for such an association to cut prices as against an American competitor, and whether or not such an association may form agreements with organizations existing in foreign countries.

According to the Webb-Pomerene Act, the commission may advise an association to change its methods in such a way as to avoid illegality. The association which has now been summoned to appear, upon learning that the commission intended to proceed by filing its formal complaint, brought suit in the courts to compel the commission to give its advice. This suit the court dismissed, apparently on the ground that the commission had authority to proceed by complaint rather than by giving advice and that the law itself gives a later day in court for a defendant who does not like the commission's conclusions.

The proceeding begun by the commission is under the provision of the Trade Commission Act respecting unfair competition, which is expressly stated in the Export Trade Act to extend to associations engaged in export trade. At the same time the commission raises the question whether or not this particular association is engaged solely in export trade in such a way as to obtain the benefits of the Export Trade Act. This question is

going to turn, apparently, upon the method of operation used. The commission says that sales were to export merchants located at American ports, and the lumber was delivered to them at American ports. There seems to be no question that the lumber was actually exported. The point apparently in issue is whether an association using such a form of transaction can technically be said to be engaged solely in export trade or is making domestic sales which later are followed by foreign sales on the part of someone else who is engaged in export trade.

The case may bring up another question, and that is whether an export association must itself take title to the goods that are going abroad, or the member manufacturing the particular merchandise may, in accordance with an order received through the association, ship directly and deal with the foreign buyer.

So far as the commission may answer these questions in the negative, the case will probably be carried to the courts. There are other matters involved in the case, but they are of minor interest compared with the methods of procedure which export associations may use.

Recent Cases Before the Trade Commission

ELSEWHERE in this issue is outlined the decision of the United States Supreme Court upholding the Federal Trade Commission in the Winsted Hosiery Case, one of the most important of recent rulings affecting that body.

The cases passed on by the commission which led to orders to "cease and desist" were few and had to do with "passing off of name and goods" and false advertising. In the former category is a case against a manufacturer of hair dye who is notified not to use the words "Oreal" or "La Plante Merveilleuse" or "New French Discovery" in such a way as to lead the public to confuse his products with that of a French competitor. A like order goes out against a user of the word "Hygrade" to the alleged detriment of a corporation which had made use of the same name for some years prior to the formation of the company against which complaint was made.

A middle west soap company was accused to selling soaps under such names as "Olive Cream Castile," "Cucumber Cream," "Almond Cream," "Hot Springs Mineral," although the soaps were the same save for slight differences in smell and color. The company was also accused of using labels which misled the purchaser as to the real sale price of the soap. These practices it is ordered to stop.

Cases in which formal complaints were served also include misleading advertising through similarity of names. One is against a tire sales company dealing in rebuilt tires which has taken a name like that of a company making new tires from raw materials. It is further charged that the respondent company has resorted to unfair methods of competition in coining for a tire it sells the name "Multi-cord" where the other company makes a "multi-mile cord."

The dismissed complaints include seven against coffee and tea wholesalers on the Pacific Coast. The charge was that the dealers lent coffee and urns to hotels and restaurants on condition that the borrowers bought tea and coffee and spices only from lending companies. These cases were dismissed for lack of jurisdiction as interstate



WILLIAM TONKS

VICE-PRESIDENT, THE UNION TRUST COMPANY, CLEVELAND, OHIO
PRESIDENT, THE ROBERT MORRIS ASSOCIATES

Relative to complete certified audits, the message of The Robert Morris Associates is to the—

BUSINESS MAN: That honesty welcomes investigation, while reticence creates suspicion and precludes the helpfulness of experience.

BANKER: That you shirk your first responsibility, which is to your depositors and stockholders, when you loan their money without full investigation. You even do the borrower an injustice unless you have sufficient knowledge of his business to prevent or mitigate failure.

CERTIFIED ACCOUNTANT: That you have not earned your fee from the business man unless you have made it possible for him to save or make more money. That you have not earned the confidence of the banker unless your figures, comments and certification present a true and complete picture.

Published in the interest
of better Business

BY ERNST & ERNST

William Tonks

Avoid Losses or Business Failure

Ninety-five per cent of men who go into business fail, because they practice the traditional methods of cost and profit calculation taught in schools. *Failures and Losses can be prevented by use of modern practical methods, as explained in*

Fundamentals of Cost and Profit Calculation

BY ROBERT S. DENHAM

Chief Engineer, The Denham Costfinding Co.

"It is splendid, I shall take pains to recommend it."—Roger W. Babson.



Price \$1.50

Money back if not
satisfactory
Order it today.

COST ENGINEER PUBLISHING COMPANY

470 SLOAN BUILDING, CLEVELAND, O.

Why Pay More?

When you can procure this No. 1724 four drawer, flat top, paneled side, oak

Weis

Letter File for \$20

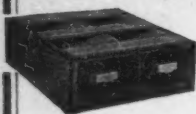
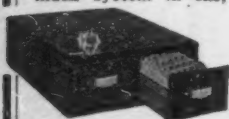
This new **Weis** 1700 Line is made in 2, 3, and 4 drawer heights in Letter and Cap widths in Golden or Natural Oak. Birch Mahogany at 10% extra. Send for our catalog of Filing Equipment, Filing Supplies and Sectional Bookcases booklet "Filing Suggestions" and name of your nearest **Weis** dealer.

NOTE—Prices noted in this ad apply in North, Central and Eastern States. Consistently low in South and West.



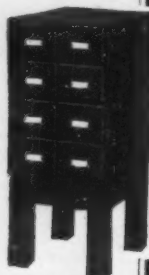
Sectional Card Index Cabinets

Are the logical answer to an expanding card index system in 3x5, 4x6, 5x8 and 6x9 card sizes. Our catalog gives complete information.

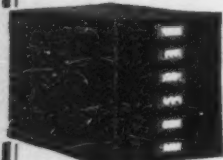


\$22

Stack illustrated consists of one 3x5 Top and three 3x5 Bottom sections and Leg Base. Price in Plain Oak, \$22.00. Price for 4x6 combination, \$26.25. 5x8 combination, \$30.50. 6x9 combination, \$34.75. Quartered Oak and Birch Mahogany trifle higher.



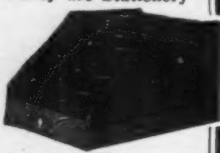
Weis Utility Cabinets



For holding letter or legal cap papers, also made strong enough to use as an electro file. No. 814 with drawers, Golden or Natural Oak, \$8.00. No. 418 without drawers, \$5.50. Birch Mahogany trifle higher.

Weis Stationery Cabinets

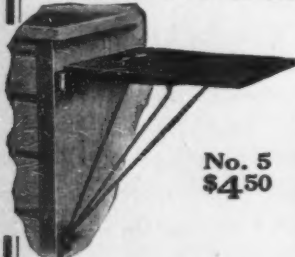
Are money earners because they are Stationery savers. Compartments for Letter, Cap and Note Size papers, long and short envelopes and drawer for carbon paper, etc. Also made without cover—little lower in price. Golden or Natural Oak or Birch Mahogany.



A Swinging Stand

Attached to your desk provides additional workable space. Better than slide in desk for holding stenographer's note book while taking dictation.

No. 5 \$4.50



No. 5—Black metal \$4.50; No. 6—Oxidized Copper \$5.00; No. 7—Nickel Plated \$5.00. The 14x18 inch tops in Golden, Natural or Weathered Oak or Birch Mahogany finishes.

The Weis Manufacturing Co.

82 Union Street, Monroe, Mich.
New York Office, 52 Park Place

commerce was not involved. They resemble somewhat in the principles involved the oil pump cases in which the Federal Trade Commission order was overruled by the Circuit Court of Appeals. From that decision an appeal was taken to the Supreme Court.

Books Received

MODERN METHODS IN SELLING, by L. J. Hoenig. The Bobbs-Merrill Company, Indianapolis, Indiana. Price, \$2.50.

A manual of salesmanship, not merely in personal contact but through letters and advertising, with practical illustrations and charts.

OUR UNCONSCIOUS MIND AND HOW TO USE IT, by Frederick Pierce. Dutton, New York. Price, \$3.

A disciple of Freud adds to a generalization of other volumes, dealing with the preceptor's theory, a chapter in which he endeavors to apply it to advertising and selling.

THE MODERN CITY AND ITS GOVERNMENT, by William Parr Capes. Dutton, New York. Price, \$5.

Observations and conclusions drawn from a study of municipal government in America, east and west, with a discussion of city charters, different types of administrations, public schools, and the cost of government.

HISTORY OF THE SOUTHERN PACIFIC, by Stuart Daggett. The Ronald Press, New York. Price, \$5.

An account of business development in the west and important business problems involved in the financing and building of a great railroad.

THE WORK OF THE STOCK EXCHANGE, by J. Edward Meeker. The Ronald Press, New York. Price, \$5.

An authoritative account of the connection between the stock exchange and American business, written by the economist of the New York Exchange; a lucid discussion of its machinery and functions in which the writer endeavors to avoid controversial issues.

STOCK PARTICIPATION PLANS FOR EMPLOYEES. Bloomfield and Bloomfield, Boston.

A report on the advantages of stock sharing in large industrial corporations

The Insurance Department

By JAMES L. MADDEN

Manager, Department of Insurance, United States Chamber of Commerce

THE AMERICAN public and American business need no missionary work on the basic need of insurance. They spent about \$3,000,000,000 for protection against loss in 1920. That represents nearly \$30 for each man, woman and child in the United States and is no small part of the national income.

There is need on the part of the business man for a wider knowledge of the relations between legislation and insurance; a better understanding of his insurance contracts, and of the ability of insurance to protect him against various types of losses by policies and conservation services. It is along these lines, and the giving of individual services on particular problems, that the Insurance Department of the United States Chamber of Commerce purposes to work.

Business and Legislation

TIMELY legislative questions include those having to do with investments of reserve funds. The law frequently specifies just how such funds may be invested. The security of these investments is of vital importance to business, because claims are paid from these funds. Sometimes attempts are made to have legislation passed which may adversely affect the security and earning power of them. This is a serious matter because it strikes at an extremely important part of insurance service, the funds depended on by the business man in time of need.

One class of insurance companies paid in 1920 more than 5 per cent of their net premiums received for taxes. In one large state the insurance companies in one year paid in taxes \$1,724,047, more than was necessary for the conduct of the State Insurance Department. This money was used for state purposes other than insurance. The ratio of insurance taxation has been increasing. This is of vital importance to business, because in the final analysis it and the public pay these taxes.

Industries with branches in several states know about the variation of the compensation laws. There is a definite need for more uniformity in the field of state workmen's compensation laws.

These are some of the legislative matters which require the attention of business men. The United States Chamber of Commerce, through its Insurance Department, will present the facts to them. When they give expression to their wishes through the referendum, constructive steps will be taken to help put them in effect.

Education

IT IS elementary to say that a business man's interest in a machine does not end with its purchase. The machine must be understood and used. It ought to be equally elementary to say that the same thing applies to an insurance contract. At regular intervals it is advisable to have the contract read in order to be sure the various features are not forgotten and the services available are being utilized to the fullest extent.

The service built by insurance for policy holders is aimed at the conservation of portions of national waste. Today we find a broader and more complete service for protecting loss of man power or of property than ever before. But we know:

(a) In 1920 there were more than 1,000,000 deaths in the United States. Life conservation work indicates that approximately more than one-third of these deaths might have been postponed to subsequent years.

(b) The fire loss in 1920 reached the enormous sum of \$500,000,000. Every bit of productive energy represented by this sum is gone forever. Fire conservation methods clearly indicate that much of this loss should never have occurred.

(c) It was estimated the country loses the production of 3,000,000 workers every working day on account of illness. Experts tell us that nearly one-half of this may have been prevented or cured through simple precautions or treatment.

(d) Mr. Hoover states that 575,000 accidents occur each year and involve a disability of more than four weeks. Included in this number are 23,000 deaths. A large steel organization is reported to have saved hundreds of thousands of dollars yearly by intelligent conservation measures.

Business is vitally interested in these matters. By active support in the various com-

munities, it is possible for it and insurance to get together, reduce this waste and make money out of it. Risks and rates run very close together. With a decrease of risk comes lower rates.

Employers of labor can do much good work to further this program. Those who have provided various forms of insurance for their employes may see that the benefits are understood. Group insurance is only partly productive where the employes do not understand it.

In order to help bring about a more thorough idea of just what insurance is and how it can be used to best advantage by the business man, the United States Chamber of Commerce, through its Insurance Department, will carry on a systematic campaign of education. This will be done in cooperation with the many local Chambers of Commerce and other associated organizations. In the course of this campaign the Department will look upon the various fields of insurance through the glasses of laymen.

Individual Service

THERE are many questions constantly arising in the course of planning business policies and operations. Before coming to a decision an executive naturally looks at the negative side and the possibility of protection against losses. The Chamber of Commerce of the United States invites correspondence through the local chambers, or direct on these matters.

A technical research organization will answer questions relative to insurance or prepare special reports on matters involving various forms of protection against loss. These will present the facts relative to the particular question under consideration, but will leave the interpretation of them to the member. Only the membership of the United States Chamber of Commerce, through the referendum, can state an opinion binding upon the Chamber.

Every effort will be made to assist those interested in various kinds of conservation work with specific outlines, programs and suggestions on such matters as safety campaigns, good health movements, and fire prevention work in industry and municipalities.

It is hoped that by bringing Business and Insurance together more closely, there will be a more thorough understanding and greater appreciation of insurance as a business asset.

The Money Question Again

THE fiat money question refuses to admit that it has been definitely settled. Recent proposals of Henry Ford and the inquiries sent out by Thomas A. Edison have put new life into the controversy.

THE NATION'S BUSINESS has followed the argument closely, presenting in the May number Darwin P. Kingsley's answer to the Edison questionnaire. Our treatment of the subject brings forth a protest from one of our readers, S. P. Pantan, of Casper, Wyo. Mr. Pantan says in part:

It is probable, as you say, that Mr. Edison recalls experience with the greenbacks, as I do. No doubt he knows that during the four years of adequate circulation, 1863-66, bankruptcy became a lost art, tramps were unknown, and as stated by Hugh McCulloch in his Treasury report for 1865, "individual indebtedness almost disappeared."

This was the only time in the history of the nation that the people enjoyed such a high measure of solvency and real prosperity. The adverse experience which falsified history now attributes to the greenbacks was, as in every period of adversity, caused by destroying the



Part of Seattle's Fishing Fleet

Seattle—Fisheries Center

SEATTLE IS THE CENTER through which moves the catch from the world's largest fisheries—the yield from Washington and Alaskan waters aggregating \$72,000,000 yearly. Seventy-two known edible varieties are caught in these waters, including salmon, which is sold fresh, canned, frozen, mild-cured, kippered, pickled and smoked; halibut, herring, cod, mackerel, sable fish, and smelt. Also shrimp, crabs, clams, and oysters. Many other species are or can be successfully commercialized.

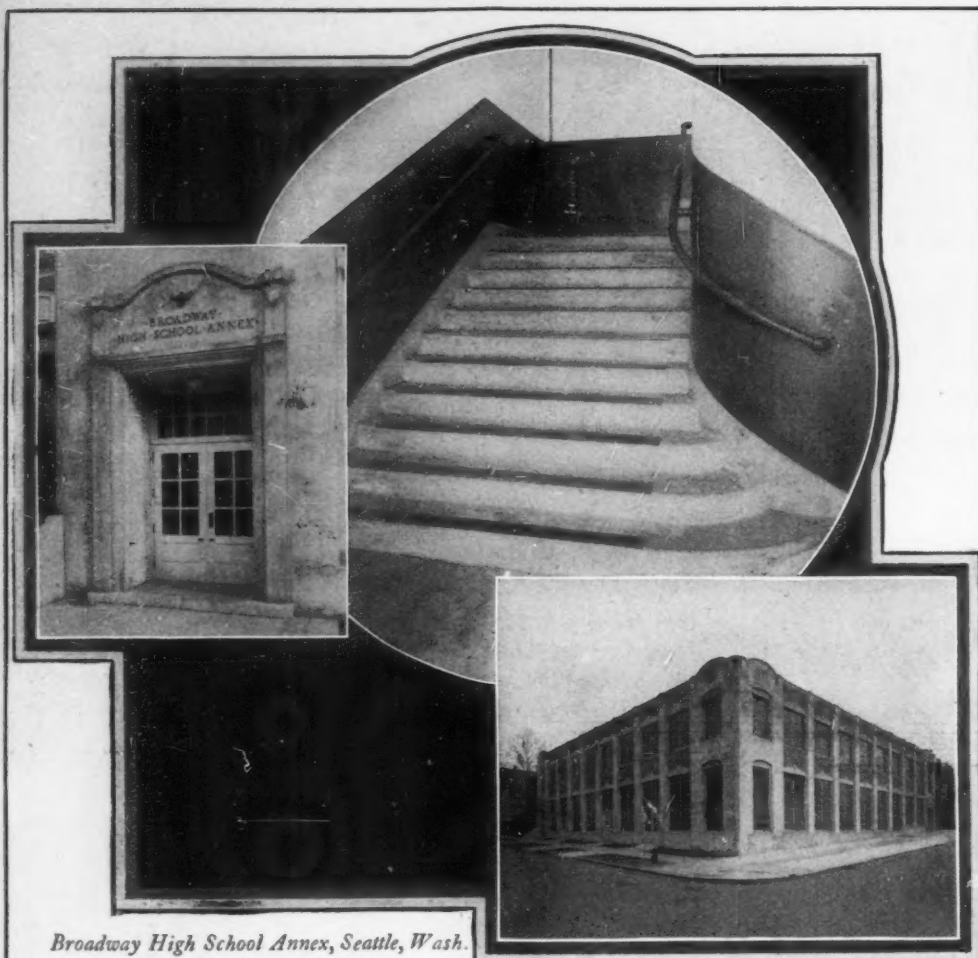
Four American and one Canadian transcontinental lines, with steamship services to all parts of the world, give Seattle better distribution than any Pacific Coast port.

Millions of dollars worth of supplies are bought annually in Seattle for the fishing industry, including tin plate, sheet iron, gas engines, cannery and boat machinery, gear, sails, seines, rope, cooperage and boxes, equipment for curing stations, and supplies needed by 30,000 fishermen and cannerymen.

Buyers from all parts of the United States are looking more and more to Seattle for fish. Opportunities here worthy of investigation include openings for fish oil refineries; Scotch curing of herring; canning and dehydrating of shrimp; canning crabs; preparation of caviar, and canning and conserving a number of highly edible fish not now commercialized for domestic and export trade; for the manufacture of machinery, supplies and clothing now shipped west under penalty of high freight rates. There are opportunities for using fish waste in manufacture of fertilizer, fish oil, chemicals, fish meals, glue, etc. Little attention has been paid to utilization of fish by-products in the North Pacific.

Write fully and frankly to the SEATTLE CHAMBER OF COMMERCE, 913 Arctic Building, Seattle, Washington, if interested in fisheries and allied industries. Better still, spend your next vacation in the Nation's Summer Playground and investigate for yourself





Broadway High School Annex, Seattle, Wash.

F. A. Naramore, Architect

Alundum Safety Tile Used on All Interior Stairs

Modern School Practice Requires Slip-proof Construction

Making stairs and hallways safe for careless children has been a big problem. Stairways, ramps, floors and walks must and can be made safe for flying feet, even in wet weather.

ALUNDUM SAFETY TILE will prevent the slips and falls that invariably occur on ordinary surfaces. School buildings throughout the country are being equipped with this slip-proof, indestructible tread on steps and floors of every kind. Made in different colors and used either alone or in combination with other tiles to produce a slip-proof surface.

It never wears smooth and will last as long as the building. It is economical. Data for architects and other information may be obtained on request.

[T-37]

NORTON COMPANY

Worcester, Mass.

NEW YORK
53 Park Place

CHICAGO
11 North Jefferson Street

DETROIT
233 W. Congress Street

money and depriving the people of a medium of exchange.

If you will look up the real history of assignats you would learn that they commanded a premium over coin until William Pitt, with some 300 print shops working double time manufacturing counterfeits, flooded France with them by aid of emigres. As further proof of this British scheme of destroying the enemy by counterfeiting his money, read Thomas Paine's letter to General Sir William Howe, roasting him for his meanness in flooding the colonies with "forgeries" of the continental currency. And as to John Law you could learn that after he was deposed and the Regent issued large volumes of money against Law's strenuous protests, it still maintained parity with coin until confidence was destroyed by a law reducing the face value of the notes.

You think Mr. Edison begins to realize that "no medium of exchange not convertible on demand into gold can ever maintain its parity." You surely don't believe that. Can you bring up any instance, in any country, of an inconvertible paper currency made receivable for all dues on an equality with gold or coin or any other named standard, failing to maintain parity with said standard? Can you conceive of a people lacking confidence in the ability of a government to receive any one form of money at par with any other?

Did you not in 1896 witness a most striking demonstration of the fact that no power can dislocate the parity of two forms of legal tender? There was the most tremendous combination of forces to discredit, destroy confidence in and depreciate the silver dollar which is not legally redeemable in nor exchangeable for gold. For several years we saw the Government, the banks, the press, the pulpit, the college economists, and a host of calamity howlers combined in this gargantuan effort, which so absolutely failed that silver dollars commanded a premium in every emergency. You must surely realize that if silver bullion had been worth only \$1 a ton the result would have been the same, the commodity value having nothing to do with the money value. This experience should fix in your mind the Supreme Court decision which concluded: "We repeat, money is a printed legal decree."

You might bring up another example in the inconvertible notes of the Bank of Venice, which history tells us maintained parity with coin for 500 years.

But above all you would convey some interesting information to your readers by pointing out some country where any medium of exchange can be converted into gold on demand. Possibly there might be some excuse for the statement as to Mexico, but I don't know. What we do know is that, so far as the American people at large are concerned, their paper money is as strictly inconvertible as that of Central Europe. Since the F. R. banks requisitioned all the gold for cold storage in a central reservoir, there has been no gold at large for redemption of gold certificates or other paper. You would have a fine experience trying to extract \$500 or \$1,000 gold from any bank in these western states. Last December a leading merchant in Billings, Montana, told me of the trouble he had in procuring a \$5 coin for his little girl. He tried several banks in vain; was cross-questioned as if conspiring against the nation; and finally obtained it on promising that he wouldn't melt it. Occasionally a bank gets a few gold coins from some private hoard that is broached on spur of necessity. But the pretense that this nation is on a gold redemption basis is just as fraudulent as the unlimited issues of bonds promising payment in gold coin that doesn't exist and can't be procured. . . .

You show how Czechoslovakia suffers from doubling the gold value of her money by drastic contraction. This put an immediate embargo of 100 per cent on her exports. By doubling the cost of her money she doubled the cost of her goods to outsiders, thus paralyzing her export trade and her industries. Exactly as

was done here by the F. R. Board and Treasurer Houston, but you actually publish as a fact the statement of an ignorant midwest newspaper that our "slump" was "as natural as it was inevitable." An act of God! The most sensible article in the issue is no doubt that of Colonel Delafield, who understands exchange. . . .

You can't get anywhere by ridiculing Ford and Edison, who are evincing a much higher order of intelligence than is to be discerned among your bankers and college economists. And they are honest. They know that money is the tool of trade—the machine that should sustain and increase the business of the people. But they see that, as Arthur Kitson of England put it: "The business feet of the nation must be amputated to fit the shrunken financial boots." They know that to cut out half the money has exactly the same effect on business as taking half the machinery from a cotton factory would have on its productive capacity. . . .

STATEMENT of the Ownership, Management, Circulation, etc., required by the Act of Congress of August 24, 1912, of The Nation's Business, published monthly at Washington, D. C., for April 1, 1922.

City of Washington, District of Columbia, ss. Before me, a Notary Public, in and for the City and District aforesaid, personally appeared Merle Thorpe, who, having been duly sworn according to law, deposes and says that he is the editor and general manager of The Nation's Business, and that the following is, to the best of his knowledge and belief, a true statement of the ownership and management of the aforesaid publication for the date shown in the above caption, required by the Act of August 24, 1912, embodied in section 443, Postal Laws and Regulations, to wit:

1. That the names and addresses of the publisher, editor, managing editor, and business managers are: Publisher, Chamber of Commerce of the United States, Mills Building, Washington, D. C. Editor, Merle Thorpe, Mills Building, Washington, D. C. Managing Editor, F. S. Tisdale, Mills Building, Washington, D. C. Business Managers, None.

2. That the owners are: Chamber of Commerce of the United States of America, said body being an incorporated organization under the laws of the District of Columbia, its activities being governed by a Board of Directors.

The officers and directors are as follows:
President, Joseph H. Deffrees, Chicago, Ill.; Resident Vice-President, Elliot H. Goodwin, Washington, D. C.; Vice-Presidents, A. C. Bedford, New York City, William Butterworth, Moline, Ill., Philip S. Tuley, Louisville, Ky., Maynard McFie, Los Angeles, Calif.; Secretary, D. A. Skinner, Washington, D. C.; Treasurer, John Joy Edson, Washington, D. C.; Directors: Max W. Babb, Milwaukee, Wis., J. H. Bloedel, Seattle, Wash., A. J. Brosseau, Allentown, Pa., O. M. Clark, Portland, Ore., John M. Crawford, Parkersburg, W. Va., Clyde C. Dawson, Denver, Colo., William J. Dean, St. Paul, Minn., Howard Elliott, St. Paul, Minn., Dorr E. Felt, Chicago, Ill., Charles C. George, Omaha, Nebr., Edwin C. Gibbs, Cincinnati, Ohio, William T. Hincks, Bridgeport, Conn., Clarence H. Howard, St. Louis, Mo., A. L. Humphrey, Pittsburgh, Pa., Charles S. Keith, Kansas City, Mo., Frank Kell, Wichita Falls, Tex., James S. Kemper, Chicago, Ill., Wesley F. Morse, Woonsocket, R. I., Andrew C. Pearson, New York City, Lewis E. Pierson, New York City, John L. Powell, Wichita, Kans., Harry A. Smith, Hartford, Conn., Frederick C. Richmond, Salt Lake City, Utah, J. H. Ross, Winter Haven, Fla., M. J. Sanders, New Orleans, La., Paul Shoup, San Francisco, Calif., George Ed. Smith, New York City, John W. Staley, Detroit, Mich., Lewis B. Stillwell, Lakewood, N. J., Ernest T. Trigg, Philadelphia, Pa., Henry M. Victor, Charlotte, N. C., Frederick B. Wells, Minneapolis, Minn., Theodore F. Whitmarsh, New York City, Thomas E. Wilson, Chicago, Ill.

3. That the known bondholders, mortgagees, and other security holders owning or holding 1 per cent or more of total amount of bonds, mortgages, or other securities are: None.

4. That the two paragraphs next above, giving the names of the owners, stockholders, and security holders, if any, contain not only the list of stockholders and security holders as they appear upon the books of the company, but also, in cases where the stockholder or security holder appears upon the books of the company as trustee or in any other fiduciary relation, the name of the person or corporation for whom such trustee is acting, is given; also that the said two paragraphs contain statements embracing affiant's full knowledge and belief as to the circumstances and conditions under which stockholders and security holders who do not appear upon the books of the company as trustees, hold stock and securities in a capacity other than that of a bona fide owner; and this affiant has no reason to believe that any other person, association, or corporation has any interest direct or indirect in the said stock, bonds, or other securities than as so stated by him.

MERLE THORPE.

Sworn to and subscribed before me this 14th day of April, 1922.

(Seal) LACEY C. ZAPP, N. P.
(My commission expires Sept. 28, 1922.)



Fastest time to Rio and the Centennial Exposition

Are you going? Will you be one of the thousands who will join in the gigantic world celebration of Brazil's 100th year as a Republic?

Every part of the world will be represented there, France, Great Britain, Italy, Belgium and our own United States. They will all have exhibits there and will join in the study of the fast developing business opportunities of South America.

If you are going, write now and let your Government tell you of its swift new ships which have brought South America 5 to 7 days nearer. These new ships—21,000 ton oil-burners—owned by the U. S. Government, sail from New York fortnightly. Rio de Janeiro is now only 11 days from New York. Montevideo and Buenos Aires are but a few days beyond. South America's treasure chest of pleasure and business opportunities is brought almost to your door.

These splendid new ships are operated for the U. S. Government by the Munson Steamship Lines with 50 years of successful steamship experience.

They are among the finest ships afloat, with spacious staterooms equipped with beds, not berths, electric fans, running water, bed reading lamps. Most have private baths.

For information regarding accommodations, address
The Munson Steamship Lines
67 Wall Street, New York City

Next sailings are:	
S. S. American Legion . . .	June 10th
S. S. Pan America . . .	June 24th
S. S. Western World . . .	July 8th
S. S. Southern Cross . . .	July 22d
Fortnightly thereafter	

Write for Booklet

Your Government wishes the name of every prospective traveler. If you are considering an ocean voyage anywhere, send the information blank now—no matter when you intend to go. You will receive without cost the Government's booklet of authentic travel information and description of the U. S. Government ships.

INFORMATION BLANK To U. S. Shipping Board Information Desk A 211 Washington, D. C.

Please send without obligation the U. S. Government Booklet giving travel facts and also information regarding the U. S. Government ships. I am considering a trip to South America ☐ to Europe ☐ to The Orient ☐ I would travel 1st class ☐ 2nd ☐ 3rd ☐. Going alone ☐ with family ☐ with others ☐. I have definitely decided to go ☐. I am merely considering the trip ☐.

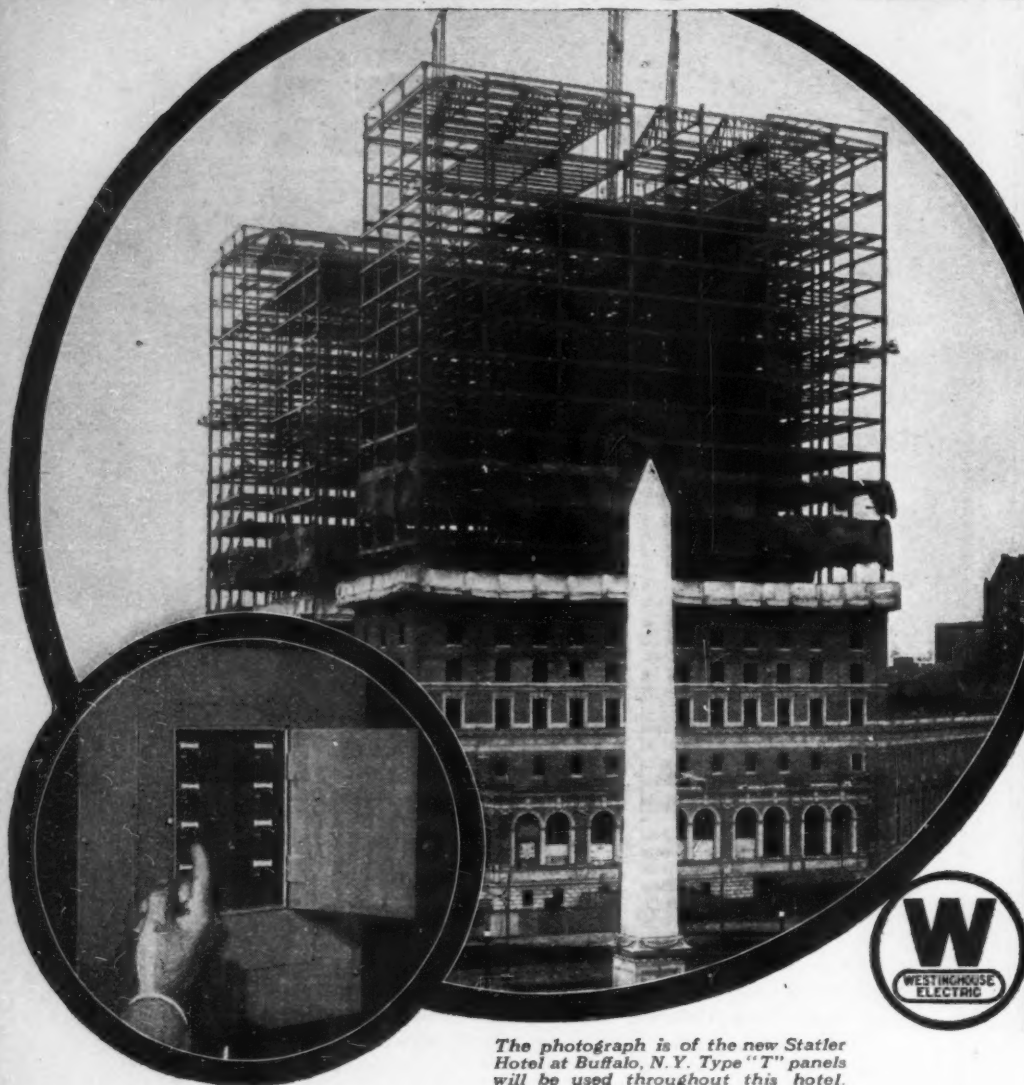
If I go date will be about _____
My Name _____
My Business or Profession _____
My Street No. or R. F. D. _____
Town _____ State _____

U. S. SHIPPING BOARD

Information Desk A 211

Washington, D. C.

BUILDING RESUMES!



The photograph is of the new Statler Hotel at Buffalo, N. Y. Type "T" panels will be used throughout this hotel.

Westinghouse Type "T" (Tumbler) Safety Panel Boards meet lighting requirements of all kinds of buildings * *

Parts stocked throughout the country * * Assembled without delay to meet all requirements

Inexpensive but of the highest quality * * * *



These panel boards are adapted for use in large residences, hotels, factories, stores, office and apartment buildings, etc., etc.

The essential operating parts are made at the Brooklyn works. This insures the highest grade of product, as well as low cost because of quantity production methods. The parts are then shipped to the various Service Stations of the Company, which are located in principal cities all over the United States. Local orders are referred to these Stations, and are there made up from stock parts, with-

out delay, to meet any lighting requirements.

Type "T" panels are absolutely safe for the operator. Everything reachable is dead, so that shock is impossible. They have been approved by the National Board of Fire Underwriters.

Their material and workmanship are of Westinghouse high quality; they are good-looking; suitable for all panel uses; and their price is as favorable as the prices of panels possessing fewer advantages.

Leaflet and specifications on request.

WESTINGHOUSE ELECTRIC & MANUFACTURING CO.

• Offices in all Principal Cities

• Representatives Everywhere

Westinghouse

© 1922 W. E. & M. Co.

EXTRA EDITION

JUN 12 1922
THE

JUNE 5, 1922

NATION'S BUSINESS

GENERAL LIBRARY
JUN 12 1922
UNIV. OF MICH.



University of Michigan.
General Library.
Ann Arbor, Mich.

What European Conditions Mean to American Business

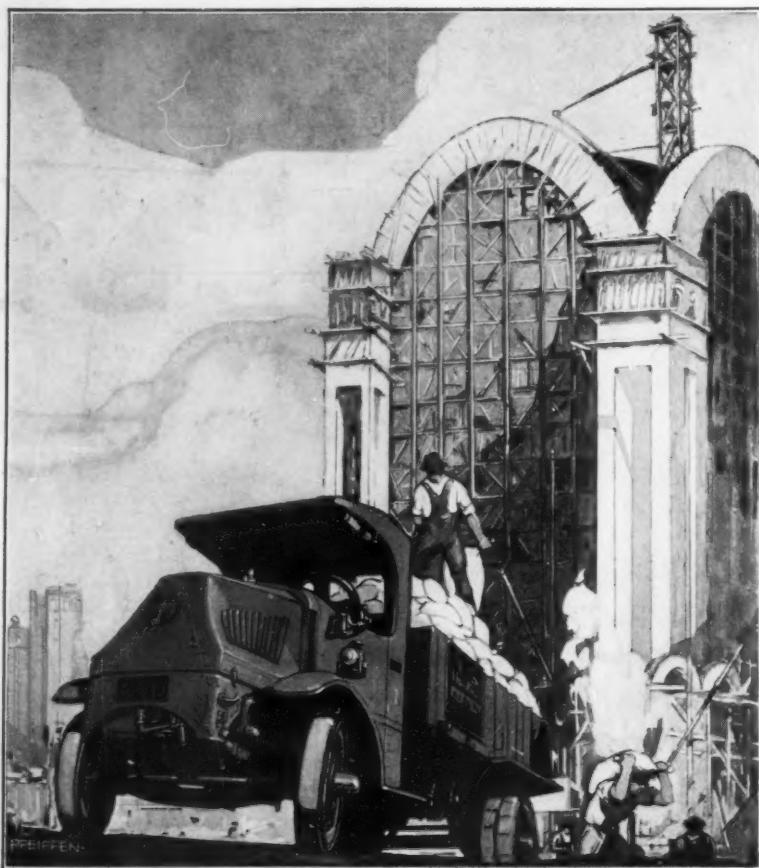
Discussed by

President Harding
Secretary Hughes
Secretary Hoover
Albert D. Lasker
Joseph H. Defrees
Arthur Balfour
Frank A. Vanderlip

Alfred C. Bedford
Silas H. Strawn
James R. Howard
Frank C. Munson
J. L. Ackerson
Francis H. Sisson
Dwight W. Morrow

*A Report of the Tenth Annual Meeting of the
Chamber of Commerce of the United States*





Capacities: 1½ to 7½ tons
Tractors to 15 tons

"QUALITY" if applied in its truest sense to a motor truck means a combination of quality engineering plus quality materials. The finest steels produced could be present in every part of a motor vehicle's assembly, yet it might be an utter failure commercially, due to the absence of that mature engineering skill which can only come from years of automotive experience.

The Mack truck represents over twenty-two years of consistent experimenting and progress by men who have become specialists in motor truck design and construction.

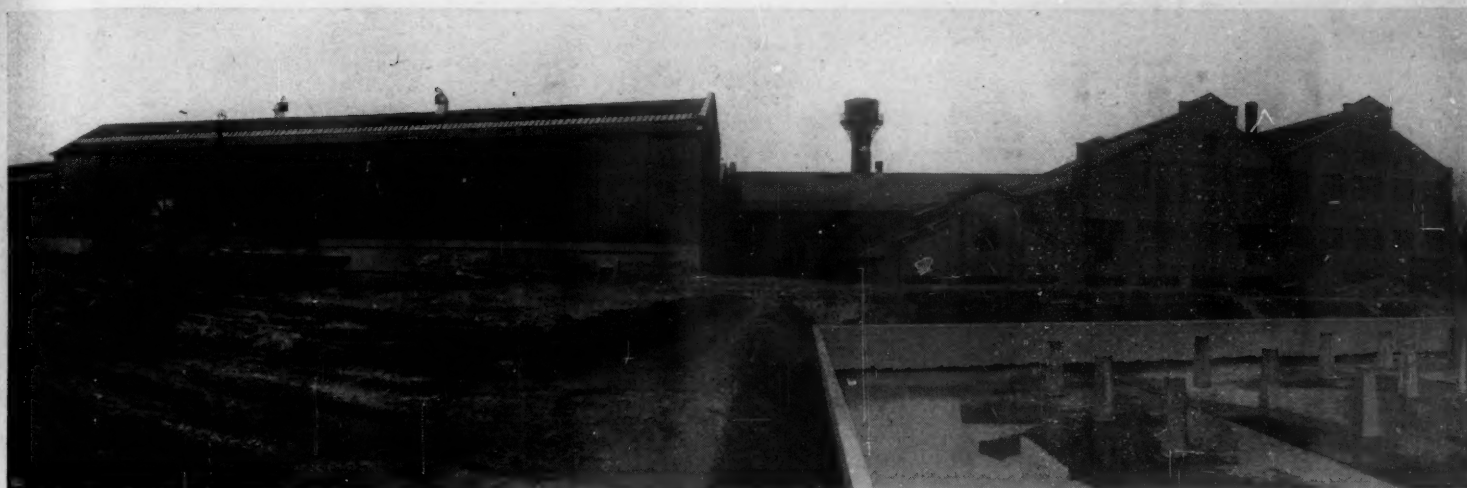
Time has always been the deciding factor that proves the judgment and ability of engineers to produce a balanced product that will enable the ultimate consumer to realize a maximum return for his investment.



Branches owned by this company operate under the titles of: "MACK MOTOR TRUCK COMPANY" and "MACK-INTERNATIONAL MOTOR TRUCK CORPORATION."

INTERNATIONAL MOTOR COMPANY
25 Broadway, New York City

PERFORMANCE COUNTS



Manufacture de Glaces de Maubeuge, Rousies, Nord, France. This complete plant, located in the French devastated area, was designed, built and equipped by The Austin Company.

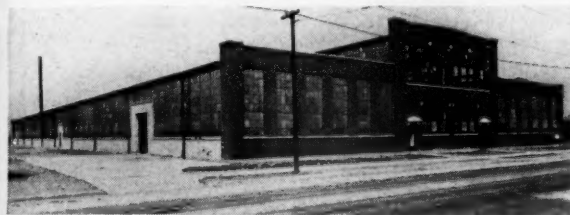
Trade Expansion at Home and Abroad



Plant of the Log Supply Co., Limited, Berthierville, Quebec, Canada. Designed, built and equipped by The Austin Company.



Plant of Pilkington Bros., Ltd., Thorold, Ontario, Canada. Designed, built and equipped by The Austin Company.



Austin No. 10 Standard Building. See special offer opposite.

Whether your opportunities for trade expansion take you into foreign fields or into sections of the United States and Canada not heretofore adequately covered, Austin Complete Building Service is available to you.

The large French Glass Plant shown above was built by The Austin Company at Maubeuge, in the midst of the devastated area. Austin buildings will be found in many countries of Europe, Asia and Africa. In Central and South America there are Austin examples of American trade expansion. They are indicative of the profitable expansion of some of America's largest manufacturers.

But few concerns have exhausted their opportunities for expansion in the United States. Branch plants have given many Austin clients competitive advantages of great value. Warehouses, too, have helped make expansion profitable.

80,000 Sq. Ft. for \$100,000 Built in 60 working days

In this country today The Austin Company can deliver 80,000 sq. ft. of building like that shown opposite for \$100,000—based on normal conditions. And you can move into this substantial building in 60 working days from date of order.

Whenever you may contemplate construction of any kind—in America or any foreign country—Austin engineers can serve you with dispatch and economy. Phone, wire or use the coupon.

THE AUSTIN COMPANY, CLEVELAND Industrial Engineers and Builders

CLEVELAND, PHILADELPHIA, CHICAGO, NEW YORK, DETROIT, DALLAS, PITTSBURGH, ST. LOUIS, BIRMINGHAM, SEATTLE, THE AUSTIN COMPANY OF CALIFORNIA, LOS ANGELES.



THE AUSTIN METHOD

Austin Material Sales Service

Through the services of the Austin Material Sales Department you can purchase the essential materials (steel trusses, steel sash, etc.) and have the buildings erected by local workmen in accordance with the complete plans furnished by The Austin Company.

AUSTIN

ENGINEERING BUILDING EQUIPMENT

THE AUSTIN COMPANY, Cleveland, Ohio
at the
following buildings
to have you send us (without obligation) all building data and prices that may be of assistance.
Firm
Individual
Address

N. B. Gentlemen: We contemplate the erection of the following buildings at the locations indicated and would be pleased to have you send us (without obligation) all building data and prices that may be of assistance.



Estate of John B. Stetson at Philadelphia, Pa.

An etching from a painting in oil by Frank Swift Chase

Among prominent persons and places served by Davey Tree Surgeons are:

HON. EDWARD N. HURLEY
COL. E. B. CASSATT
HORACE HAVEMEYER
MRS. EDWARD HOLBROOK
NELLIE A. CLUETT
BENJ. B. McALPIN
H. DARLINGTON
WM. WRIGLEY



JOHN DAVEY
Father of Tree Surgery

WHAT DOES DAVEY TREE SURGERY COST?

During 1921 the Davey organization served 2552 clients, scattered all the way from Boston to Kansas City, north and south. Seventy-three per cent of these clients paid the Davey Company less than \$200.00 each, that is from two hundred dollars down to much smaller amounts.

The cost of the work depends on two things—the actual condition of the trees, and how much of the necessary work the client wishes to have done. The slogan of the Davey organization is John Davey's injunction, "Do it right or not at all." Consequently if a tree is in bad condition, it necessarily costs more; if it is not so bad, it costs less. In every case the client reserves the right to stop the work at his discretion; and thus Davey Tree Surgeons are on probation from the time they start an operation until they finish. The client may, if he wishes, appropriate a definite amount of money, beyond which the cost cannot go without his written permission.

The cost is the same in Boston as it is in Kansas City or any other place. The Davey Company has only one price, one policy, one standard. You pay for what you get in actual service; no more and no less.

Do you know whether any of your trees need the help of skillful attention? Better find out. Don't wait until some of them are too far gone to save. Send for the nearest Davey representative. He will examine your trees carefully, without cost or obligation on your part.

THE DAVEY TREE EXPERT CO., INC., 3707 ELM STREET, KENT, OHIO.

Branch offices with telephone connections: New York, Astor Trust Bldg., Fifth Ave. and 42nd St.; Boston, Massachusetts Trust Bldg.; Philadelphia, Land Title Bldg.; Baltimore, American Bldg.; Pittsburgh, 321 Fourth Ave.; Buffalo, 110 Franklin St.; Cleveland, Hippodrome Bldg.; Detroit, General Motors Bldg.; Cincinnati, Mercantile Library Bldg.; Chicago, Westminster Bldg.; St. Louis, Central National Bank Bldg.; Kansas City, Scarritt Bldg.; Montreal, 252 La Gauchetière, West.

Davey Tree Surgeons are near you—if you live between Boston and Kansas City. They are easily available and handle operations of any size, large or small. Write or wire Kent, Ohio.

DAVEY TREE SURGEONS

Every real Davey Tree Surgeon is in the employ of the Davey Tree Expert Co., Inc., and the public is cautioned against those falsely representing themselves. An agreement made with the Davey Company and not with an individual is certain evidence of genuineness. Protect yourself from impostors. If anyone solicits the care of your trees who is not directly in our employ, and claims to be a Davey man, write Headquarters for his record. Save yourself from loss and your trees from harm.

In This Number

"NO MAN could be called to the leadership of an association such as this, representative of nation-wide business and industry, without a sense of responsibility. If we had ever had a doubt about the basis for that responsibility in business and industry, if we had ever been inclined to feel that business and industry were solely occupied with the sordid details of making profits, the demonstration of the last few years of what it cost in individual distress and loss and suffering when industry recedes, when the processes of trade are broken down, would bring that responsibility home to us at this time as never before.

"For ten years the National Chamber has been building the foundations of a splendid tradition of commerce with a conscience; and at this time, in embarking on a new year with a most hopeful atmosphere for business development and restoration, it becomes me to pledge to you in the spirit of that tradition an effort to preserve and to develop it, and to call upon you for service and for help in the preservation and maintenance of that same tradition."

JULIUS H. BARNES,

President, Chamber of Commerce of the United States.

"Commerce with a Conscience".....	By PRESIDENT HARDING.....	PAGE 9
Deal Only with Upright States.....	By CHARLES E. HUGHES.....	11
A Year of Cooperation.....	By HERBERT HOOVER.....	12
Russia—An Economic Vacuum.....	By HERBERT HOOVER.....	14
Europe Is On the Mend.....	By ARTHUR BALFOUR.....	16
Conditions in the Netherlands.....	By J. C. A. EVERWIJN.....	19
Genoa, Clinic Not Conference.....	By FRANK A. VANDERLIP.....	20
Can Germany Pay and Not Work?.....	By SILAS H. STRAWN.....	21
How Europe's Plight Affects Us.....	By DWIGHT W. MORROW.....	22
What May We Expect?.....	By FRANCIS H. SISSON.....	23
Europe, the Farmers' Market.....	By JAMES R. HOWARD.....	24
To Put Our Fleet to Work.....	By ALBERT D. LASKER.....	26
A Subsidy—Good Business.....	By FRANK C. MUNSON.....	28
As the Shipbuilder Sees It.....	By J. L. ACKERSON.....	29
Story of the National Chamber.....	By JOSEPH H. DEFREES.....	30
An Interpreter for World Trade.....	By A. C. BEDFORD.....	32
Resolutions of the Convention.....		33
In the Group Meetings:		
Finance.....		35
Foreign Commerce.....		36
Transportation:		
General Transportation Session.....		38
Merchant Marine Session.....		38
Railroad Session.....		42
Highway Transport Session.....		42
Domestic Distribution—Foreign Commerce.....		44
Domestic Distribution.....		44
Fabricated Production.....		46
Civic Development.....		48
Natural Resources Production.....		50
Insurance.....		53

20,000 extra copies of this issue of "The Nation's Business" (Tenth Annual Meeting Report) were ordered before its publication. A limited number of additional copies may be secured at the actual cost price of 10c each



Vol. 10

THE NATION'S BUSINESS

No. 7

Published Monthly by the Chamber of Commerce of the United States, Washington, D. C.

MERLE THORPE, Editor and Publisher

F. S. TISDALE, Managing Editor

J. B. WYCKOFF, Asst. Business Manager

WARREN BISHOP, BEN H. LAMBE and JOYCE O'HARA, Associate Editors

VICTOR WHITLOCK, Director of Advertising

GENERAL OFFICES: MILLS BUILDING, WASHINGTON, D. C.

Eastern Office, New York
Woolworth Bldg.

GEORGE K. MYERS

Western Office, Chicago

Otis Bldg.

FRANK M. CROMMELIN

Central Office, Cleveland

Cleveland Discount Bldg.

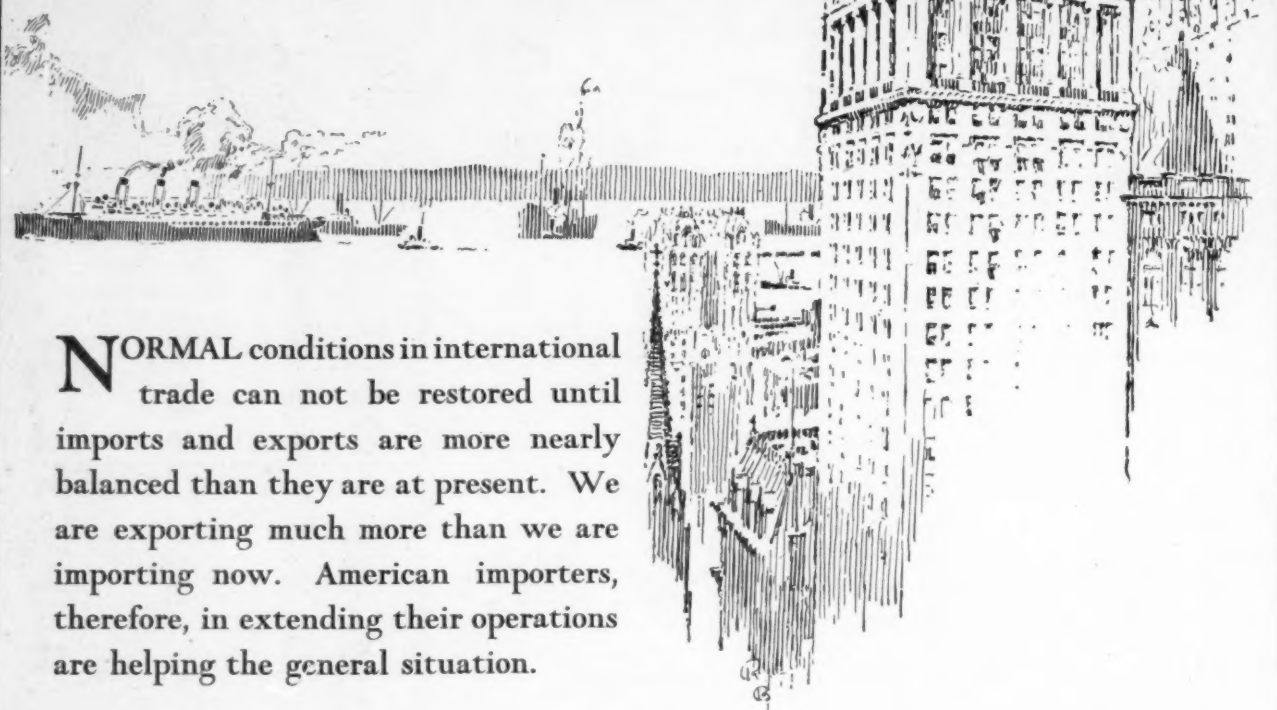
CLYDE A. STEVENS

As the official magazine of the National Chamber, this publication carries authoritative notices and articles in regard to the activities of the Chamber. But in all other respects, the Chamber is not responsible for the contents of the article or for the opinion to which expression is given.

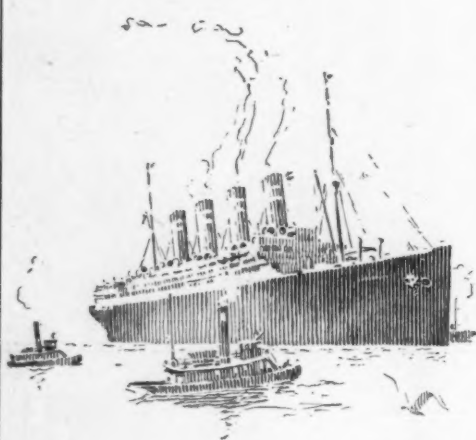


Of Import to Importers

"A Tower
of
Strength"



NORMAL conditions in international trade can not be restored until imports and exports are more nearly balanced than they are at present. We are exporting much more than we are importing now. American importers, therefore, in extending their operations are helping the general situation.



All of the manifold facilities of the Foreign Department of the Bankers Trust Company are placed at the command of importers and exporters. This service includes foreign exchange, foreign collections, letters of credit, cable transfers, trade and credit information, etc. An account in our Paris Office will enable you to save interest by paying foreign accounts with checks on that office.

If you are interested in foreign trade, actually or prospectively, consult and use our Foreign Department. It is ready to serve you constructively.

BANKERS TRUST COMPANY

NEW YORK

PARIS

New Low Fares to South America

First Class Rates

Rio de Janeiro - \$295
Montevideo - \$345
Buenos Aires - \$360

11 DAYS from New York is South America! If you have dreamed of a wonderful ocean trip, send the coupon below and let your Government tell you about the palatial Government ships that take you to the ten great republics of South America.

South America! Land of age old romance, land of exquisite beauties, land of a thousand extraordinary business opportunities and stupendous undeveloped resources! In September it will be the scene of a great world's fair—the Rio de Janeiro Centennial Exposition to celebrate Brazil's 100th year of independence. The countries of the world will be represented there, to partake of the festivities and to study the vast industrial potentialities of this great country.

\$295.00 to Rio and the Exposition

Now—at the crucial time—the United States Government has reduced the fare to South America more than 25%! First class passage to Rio de Janeiro is now only \$295. Special round trip fare to the exposition only \$450. The trip is made in just 11 days—the fastest time.

Fastest time, low fares, and the finest ships! These great Government ships are the finest on the South American run. Their spacious staterooms are equipped with beds, not berths, hot and cold running water, electric radiators and fans. All rooms are on the outside; most have private baths. Diversion for every hour is provided by shaded promenades, library, card room, grand salon for dancing. Your Government has made possible the realization of your travel dream. Send the coupon below for detailed information.

For information regarding reservations address:

Munson Steamship Lines
67 Wall Street, New York City

Send This Coupon

Send this coupon today for full information about the new reduced rates to South America and the new luxurious U. S. Government ships that take you there. You will be sent an authoritative booklet giving facts every traveler should know, a description of the new Government ships to South America and quotation on the new low rates.

Next Sailings Are:
S.S. American Legion
June 10
S.S. Pan America
June 24
S.S. Western World
July 8
S.S. Southern Cross
July 22
Fortnightly thereafter

INFORMATION BLANK
To U. S. Shipping Board
Information Desk 211A Wash., D.C.

Please send me full information about U. S. Government ships to South America and quote me the new reduced rates.

Name _____

Address _____

U. S. SHIPPING BOARD Information Desk 211A
Washington, D. C.

DAHLSTROM

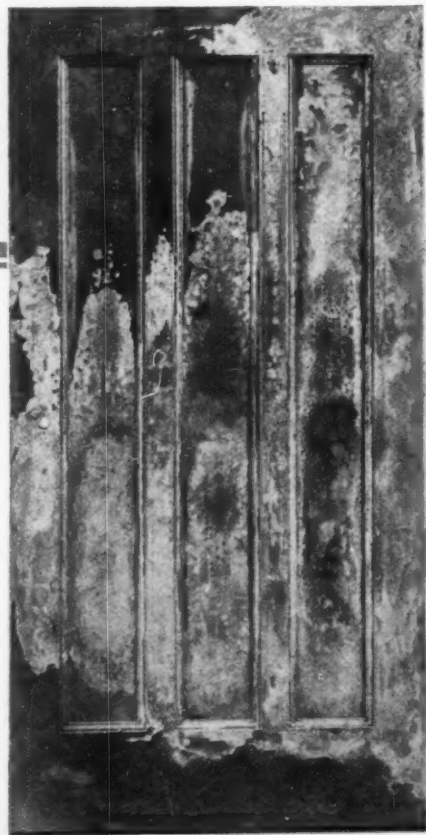
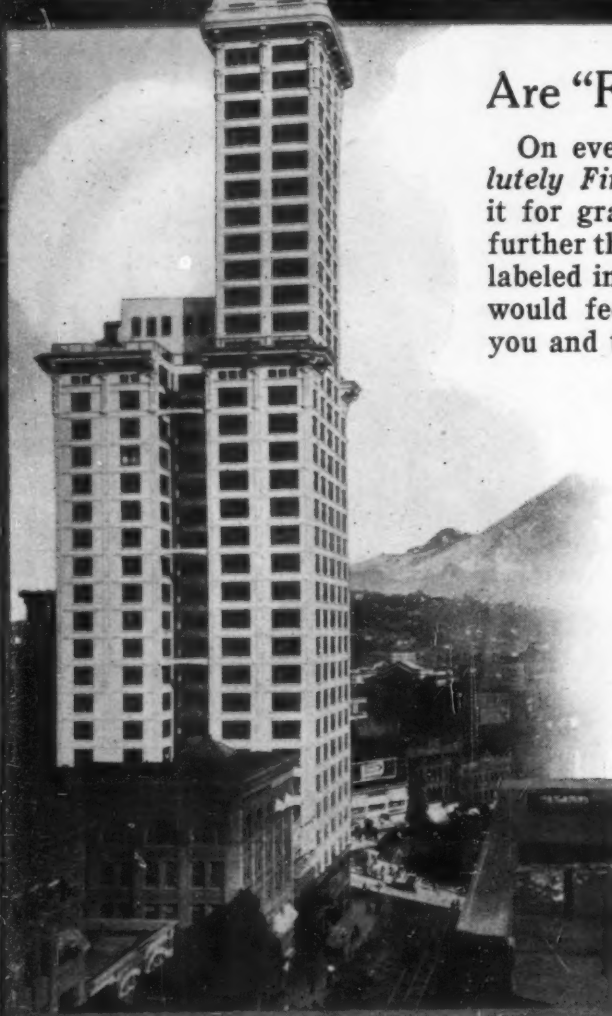
Are "Fireproof" Buildings Fireproof?

On every hand we see "Fireproof" and "Absolutely Fireproof." To the average person he takes it for granted and gives the statement little or no further thought. The next time you are in a building labeled in this manner, glance around and see if you would feel safe should a fire get started between you and the exits.

The following may help to determine in your mind the really fireproof building.

1. A building, even with fireproof framework, walls, floors and ceilings is not fireproof when wooden doors and trim are used.
2. Wooden doors, picture, chair and floor mouldings, door and window frames all add fuel to the flames thereby permitting them to spread.
3. Modern public fire fighting apparatus is practically ineffective above the 8th floor of a building.

At the left is shown the L. C. Smith Bldg., Seattle, Wash., Gagin & Gagin, Syracuse, Architects. Below:—An unretouched illustration of the door that saved the Smith Bldg. from fire which started in a storeroom.



In such cases as the Chicago fire in March, the New Willard Hotel Fire, the Lexington Hotel Fire, Richmond, and those cited in the columns of any of our daily papers that tell us the need of truly fireproof buildings. The annual fire loss of the U. S. is astounding. Would it not be better to put at least a part of that money into making safe buildings thereby making better buildings?

DAHLSTROM METALLIC DOOR COMPANY

481 Buffalo Street, JAMESTOWN, N. Y.

NEW YORK
25 Broadway

DETROIT
1331 Dime Bank Building

CHICAGO
19 So. LaSalle St.

Local Representatives in Principal Cities

THE NATION'S BUSINESS

A Magazine for  Business Men

VOLUME 10, NUMBER 7

JUNE 5, 1922

The "Why" of This Extra Edition

THE TENTH ANNUAL MEETING of the United States Chamber of Commerce, held in Washington May 15th to the 18th, was notable not only for the men it brought to the Chamber's home but for the quality of the addresses and the distinction of the men who made them. A business gathering which can bring before it the President of the United States, two leading members of the cabinet—Secretaries Hoover and Hughes and such notable figures in the world of business as A. C. Bedford, Dwight W. Morrow, Francis H. Sisson, and Arthur Balfour of England—merits more than a casual record. It is with this in mind that the Chamber and *THE NATION'S BUSINESS* decided upon this special issue.

We have not sought to give in chronological order and word for word the text of all that was said in these four days. Neither the time, the space nor the patience of the readers will warrant that.

We have tried to present the most notable of the addresses, many of them in full; others in briefer form. In two cases, we have omitted entirely the addresses, since both speakers had covered, in articles in very recent issues of *THE NATION'S BUSINESS*, the same material which they presented at the general sessions of the Chamber. These two are Col. John Ross Delafield, who, in the

April issue of *THE NATION'S BUSINESS*, discussed the war debts owed by Europe, and Harvey Sconce, who, in the May number, wrote of the ship subsidy from the farmer's point of view.

We have added, because we believe them worthy of a more lasting record, the address of Secretary Hoover at Mr. Bedford's dinner to the American Section of the International Chamber and Frank A. Vanderlip's cable despatch summarizing the results of the Genoa Conference.

It is not possible in the limits of any one magazine to give more than an outline of the more important addresses at the various group meetings. Summarized accounts of these are here published.

Nor have we been able to report as fully as we would have wished the meetings of such affiliated organizations as the National Association of Organization Secretaries or of the American Trade Association Executives.

This tenth birthday meeting of the Chamber was made notable by one other event: The laying of the corner stone of the new building; an occasion made memorable by the presence of Charles Nagel, secretary of the Department of Commerce when the Chamber was founded, and Herbert Hoover, the present incumbent of the office.

THE EDITOR

"Commerce with a Conscience"

By PRESIDENT HARDING

IF THERE is any one realization which fixes itself more firmly than another in the mind of one charged with great responsibility, it is the conviction that the business life of the republic is the reflex of all its good fortunes. I think I can venture to say that commerce and civilization go hand in hand; and were it not for commerce there would be no civilization.

I recall reading some ancient history which told the story of the first known settlement in the Orient—how the messengers of the producing forces went into other lands on commercial errands. Over these avenues of expanding trade went the sentiments and the convictions and the aspirations of an expanding civilization. I believe that it can be said truly that commerce and civilization are inseparable. Even those who discovered the New World were on commerce bent; and business is the life blood of any and every people in the world.

Sometimes we find commerce where, theoretically, it is little to be expected. I remember some years ago I was negotiating an engagement with a Chautauqua organization, but they were very particular about my subject, stating that the audiences which attended the Chautauquas were very much concerned along certain reformative lines. And commercially inclined, I adjusted my subject to the suggestions of the management—perhaps not as radically as some might have expected—and some six years later a second negotiation was taken up, and I said to the manager who was negotiating with me, "I do not believe that I could subscribe to any radical program which you have in mind." He said, "My dear sir, we could not sell a reformer on the platform now at any price." That was the reflex of an existing condition, at a particular time.

All of which shows that so great and high-minded an institution as the American Chau-

tauqua, which I regard very highly, has commercial instincts and commercial aspirations. Moreover, it has been my observation in life that even in circles little concerned with commercial good fortune there is seldom any long continued agitation without compensation.

From the viewpoint of one in authority, and having responsibility, comes another consideration. Commerce finds its place in all our considerations. Undoubtedly it had much to do with the bringing about of the World War, and I think I can say, just as confidently, that it was never once forgotten in the negotiation of peace. It is so inextricably associated with all we do that commerce is always foremost in the life of any people.

We in America—I am sure it is not unseemly to say it—are, commercially, a great people, and we ought to be. God blessed us most bountifully in resources. In the

citizenship of this republic is the blend of every people in the world, almost, and I like to say I believe we are unexcelled in genius, we are incomparable in our industry, and we have the talent and the determination—the righteous determination—to be commercially one of the foremost nations of the world.

This aspiration to excel is ever an impelling one, because we have learned from our observations of social and civic life that from the great golden stream of commerce flows everything in life worth while. If it were not for this golden stream that comes from exchanges, from productivity and exchanges, there would be little of education, there would be less of art, there would be few of the finer attainments which make life worth while.

While I am speaking very briefly, I wish to speak for a commerce with a conscience.

If I were to bring only one admonition to you, I would like to charge you men and women of influence and responsibility with the task of eliminating from American commerce those who do not have conscience, whose conscienceless practices bring that criticism which sometimes attends our American activities.

The Responsibility of the Leaders

SOMETHING has been said, and I think opportunely said, that we want a period in America with less government in business and more business in government. If the commerce of America were always conscientious, there never would be a single excuse for government in American business.

There is not an agency in American life which can so quickly put an end to abuses and offenses in American commerce as those who are conspicuous in the leadership of that commerce.

It will not do to pursue the activities with which we Americans are so eminently connected without a mindfulness of everybody involved. Commerce cannot be adjusted alone to the fortunes of the captains of industry. There must always be a thought of the great mass, without whom there could be no productivity on the one hand and little consumption on the other.

And I beg to remind you that the great World War, like every other war which preceded it, but more notably the great World War, because of its incalculable immensity, has left a state in human affairs quite different from any that ever preceded it. The war would have been a complete waste, it would have been an utter sacrifice of every effort if we did not find the great human procession on a little higher plane than that which it followed before. And American commerce must keep that in mind. There never will be a time when you can go back completely to the old order of American industry and exchanges in trade.

I say this because at the very moment we are on the threshold of a new era. Undoubtedly there is more than a mere business revival in sight. Our country is finding itself again. We are fundamentally right, and we do not intend ever to be discouraged for a long time.

Business is reviving and we are soon to resume our onward sway, and I admonish you of the larger responsibility to keep in mind the new state of human affairs and the awakened aspirations of men.

I do not think that any business can permanently succeed that is not honest. And I do not think any enterprise ought to succeed that is not honorable. And if you will

combine honesty and honor that enterprise which makes such a slogan will stand unchallenged before the world.

There is one fundamental that we ought never forget. No law can ever be enacted, or any substitute ever found, for the reward of merit. It is the essence of our social life; it is fundamental in our religious life. And I am quite sure that there can be no abiding reward without merit, and I am equally sure that there can be but little of merit without prospect of reward.

A Message from Russia

NOT so very long ago there came into the executive offices a very distinguished visitor, whose homeland is Russia. He was talking of conditions existing there, and expressing a hope for its restoration, to which we can all very cordially subscribe, and he said:

Mr. President, it will never be brought about until the existing system is abandoned. I know peasants of simple honesty and ready industry who have heretofore always been eager to work and produce, but under a system where they retain only that which is necessary for their subsistence, and the surpluses are taken from them, the inspiration to produce has been destroyed. Russia can never be restored until the communistic idea is put aside, and the rewards for righteous human activity are restored to the citizenship of that land.

I am happy to come today because this is Merchant Marine Day on your program. I am happy to come because there is no one constructive thought in the mind of the administration at the present time which takes rank over that of a desire to firmly and successfully establish an American merchant marine.

I do not know of a nation in the world that ever maintained eminence in trade unless it was eminent as a carrier of trade.

It is perfectly needless to tell a body of business men and women that no thoughtful producer turns to his competitor for his deliveries. And you may apply that to nations. And just now the American Republic finds itself in an unusual situation. Out of the critical conditions existing during the World War we build ships and ships and ships. We expended billions to enlarge our shipping to meet the war need, and peace came and found us the owners of the second largest tonnage in the world.

We found government in business, not fortunately in business either, so far as the merchant marine is concerned, and so we are asking the Congress to give us a merchant marine law under which we hope to put government out of the shipping business and under which we hope to put America conspicuously on the pathway of the seas.

This is essential, not only for expanding commerce, but it is exceedingly essential for American defense. I hope the day will never come when we must resort to war again. I do not believe we would have ever been drawn into the war—I do not hesitate to say I doubt if there had ever been a World War if America had, prior to the war, commanded a merchant marine commensurate with our commercial importance in the world.

I hope to see the day come when we shall have so encouraged American shipping that we may carry your products under the American Flag with our messages of peace and goodwill to all the marts of the world.

I know you are interested in world restoration. So is your Government. But I beg to remind you we must always be right at home before we can be very helpful abroad. We do not mean to hold aloof; we want to

play a great nation's—aye, a great people's—part in the world. I do not know of anything that would help more than to give to the world an example of a commercial nation with an abiding conscience. I wonder if you understand just what I mean by that. Let me give you one example. We are having the problem of tariff legislation.

It is not an easy task. I am sure you know where I stand, because I have spoken officially to Congress. I believe in an American industry first of all in the world. I do not want any American industry destroyed to build up some other in foreign lands.

An illustration was brought to the attention of some members of Congress the other day of imports being brought into the United States because of conditions in the Old World. Let me take a hypothetical figure. Imports were brought in, and with the tariff added on a single article the first cost of which was, we will say, 25 cents, the article was priced to sell to the American consumer at \$5. That is a commerce without a conscience.

Reason for Complaint

YOU cannot be astonished that there is complaint from both American producer and consumer. You cannot afford to destroy American industry to facilitate an importing trade like that. You cannot afford to have international exchanges of a destructive character.

Did you ever stop to think how commerce originated? Primitive man was not concerned about it. He only dug into the soil which nature left at his disposal and produced sufficiently to sustain himself and those for whom he was responsible.

In a little while, one man found that he could produce conveniently more than he needed for himself, along some lines. Another produced something else more effectively than he needed for his own consumption. The one over here exchanged his surplus for the surplus of the one over there, and there commerce had its beginning with primitive man.

If they had started exchanges in the things that each produced alike, nothing would ever have been accomplished. So it is in international trade. We want to trade with the world. I believe it is possible to trade with the world without any destruction of American productivity. I wish for such an arrangement. Let us sell things that Americans can produce advantageously to those who cannot produce them. Let us buy the things that they have to sell to us and which we do not produce.

Out of such exchanges come righteous relationship and balances of trade and the continued forward movement of the great human procession. While we are marching in that procession it is always wise to keep in mind those who have difficulty to maintain the pace; and the forward moving army must be one of contentment and continued good fortune. If we may have in America conditions under which men may produce and enjoy life with something of luxury, as well as the necessities, we shall have a contented citizenship; and out of a contented citizenship comes patriotic citizenship. In the combination of these things I hope to see our America go on as a nation producing not just hundreds of billions, but a nation surpassing our possible dreams, a prosperous, happy future where men may gather around the camp fires at night and sing their songs of rejoicing and awaken to their tasks and resume their march with that hope which is the righteous inheritance of a free citizenship in this republic.

Deal Only with Upright States

By CHARLES E. HUGHES

Secretary of State

THE DIPLOMACY of democratic peoples has its own requirements, advantages and difficulties. It should be open, candid, direct. It has the advantage of being free from dynastic exigencies and has few inducements to continue the tradition of duplicity and intrigue associated with despotic governments. It also has the advantage of responding to public opinion; it reflects the perception of the common interest. The difficulty, however, of maintaining an enlightened public opinion with respect to international matters is very great, and it has been increased in this country by the lack of general interest, at least until recently, in foreign affairs. This good-natured indifference, except in grave emergencies, our geographical position, the extent of the country and the wide range of domestic opportunity have developed a sense of self-sufficiency. We have only begun to think internationally, and we find the attitude of the public mind to be still ill-adjusted to the magnitude of our financial power and to the international interests which we have suddenly accumulated as the result of the World War.

Apart from the remedial lack of adequate knowledge of general conditions and backgrounds, there is always the difficulty of conveying to the public a full understanding of the facts of the particular situations which are engaging the attention of diplomatic officers. This can largely be met by a constant effort to make known to the public the general lines of policy, to give adequate information as to particular aims and to take the public into confidence to the utmost practicable extent with respect to particular measures. There should be no reticence for its own sake, or as a mere continuance of a perverse habit; there should be directness, promptness, candor—in short, efficiency.

But it should be understood that there are certain inescapable limitations in the most straightforward diplomacy. In ordinary dealings between individuals, the advantages of retaining the good opinion of other parties to the negotiations—rivals or competitors—may sometimes be considered negligible, but the good opinion of nations is not negligible. The peace of the world ultimately depends upon the good will of peoples alert to everything that touches the national honor. The alternative of friendly settlements is resort to coercion, and if you wish peace, you must pursue the methods of friendly intercourse between governments and recognize whatever is essentially involved in these methods. There is no other way.

In considering the relation of our diplomacy to the business interests of the country, it should always be remembered that the department which deals with our foreign relations is the Department of Peace. The resources of negotiation, of reason and persuasion are within its control. The very foundation of all business security, in an important sense, is within the keeping of the foreign offices of governments, as to them—as the agencies of peoples—must be entrusted the practical processes by which nations may adjust their mutual interests, settle their disputes and prevent the frightful losses and dislocations of war.

I have always advocated the justiciable set-

tlement of all international disputes which can be regarded as having a justiciable character and have favored the development of institutions for that purpose. But with due recognition of the importance of this means of settlement, it must be borne in mind that the most serious international controversies, and this is especially true at this time, are not of a legalistic nature, and must be settled, if they are settled at all, by negotiations and agreements. They lie outside the application of defined juristic principles, and the more unstable we find world conditions to be the greater the necessity of the efficient operations of diplomacy and of the adequate organization and support of the peace department of our Government.

Another fundamental question at this time is the preservation of the essential bases of international intercourse through the demand for the recognition of valid titles acquired in accordance with existing law and for the maintenance of the sanctity of contracts and of adequate means of enforcing them.

Intercourse, from the standpoint of business, consists in the making of contracts and the acquisition of property rights. Nations may adopt what policies they please for the future conduct of their local affairs, and if these policies are not enlightened, the result will inevitably be that production will languish and trade will shrivel up, and they will look in vain for security and confidence: still they will be within their rights in determining their future policy in local matters. But if they seek international intercourse, they must perform international obligations. When they have invited intercourse with other nations, have established their laws under which contracts have been made and property rights validly acquired, they put themselves outside the pale of international intercourse if they enter upon a policy of confiscation. International relations proceed upon the postulates of international morality, and the most important principle to be maintained at this time with respect to international relations is that no state is entitled

to a place within the family of nations if it destroys the foundation of honorable intercourse by resort to confiscation and repudiation, and fails to maintain an adequate system of government through which valid rights and valid engagements are recognized and enforced. This is in the obvious interest of business, and this is merely a way of saying that this course is vital to the prosperity of all peoples, for the activities of business are those of production and exchange upon which the welfare of peoples inevitably depends. If profits are anticipated through a departure from this clear path of honorable dealing, they will be found to be illusory.

At this time we also have occasion to deal with the enlarging of the opportunities for industry and commerce by the recognition and extension of the policy of the "Open Door." At the recent conference held in Washington, the participating powers succeeded in taking what has been the subject of general diplomatic phrases in relation to China and putting it with more definite explication in the precise form of a treaty engagement. Thus they have agreed that they will not seek nor support their respective nationals in seeking:

(a) Any arrangement which might purport to establish in favor of their interests any general superiority of rights with respect to commercial or economic development in any designated region of China; or

(b) Any such monopoly or preference as would deprive the nationals of any other power of the right of undertaking any legitimate trade or industry in China, or of participating with the Chinese government, or with any local authority, in any category of public enterprise, or which by reason of its scope, duration or geographical extent is calculated to frustrate the practical application of the principle of equal opportunity.

This Government has been insisting, and I am glad to say with a gratifying measure of success, upon the application of this principle to the territories which recently have become the subject of the novel arrangement of mandates, and we have received important assurances with respect to equality of commercial opportunity in these regions.

In giving appropriate diplomatic support to American enterprise, our Government does not, of course, attempt to secure contracts for its nationals or to institute particular undertakings. I assume that no one could wish the Government to be so involved. Its object is to keep open the course of fair and equal opportunity. Hence it is a vital principle that it must act with absolute impartiality with respect to American business interests which may happen to be in competition. It does not attempt to favor one at the expense of another, but to maintain such policies with respect to international intercourse as will give all a fair chance.

And in this connection permit me to say a word to the effect that the relations between the Department of State and business men involve a certain measure of reciprocity. It is not only important that there should be an alert and efficient organization of this branch of the Government, but it is also important that it should always be remembered that good faith and cordial feeling are of the utmost importance in international



affairs and that nothing in diplomatic intercourse can atone for the conduct of disreputable business agents and speculators who do not carry into their undertakings abroad those methods of honorable dealing which must always be assumed in giving diplomatic support. This Government is not engaged in endeavoring to promote the opportunities of chicanery, and business interests in their dealings abroad are under a patriotic obligation to maintain the prestige of their country.

Aside from these observations as to fundamental principle, I could easily enumerate a host of special instances in which the activities of the department are now engaged of vast importance to the business community. But such a narration would not aid in the safeguarding of the particular business interests concerned, and at best could serve to emphasize by particularization the general observations I am making as to the importance of the adequate organization of the department.

The organization of the conduct of foreign affairs implies the mechanism (1) for obtaining complete and accurate information, and (2) for constant and direct contact with all those concerned; and the operation of this mechanism must be dominated (3) by an American policy conceived and defined with an accurate appreciation of all American interests involved.

This manifestly requires unification of effort. The function of directing intercourse with foreign governments in the nature of things cannot be divided. There must be unity in the formulation and direction of policy and unity in its execution. Manifestly, you cannot deal with different governments through different instrumentalities; and you cannot deal with the same government

through independent agencies, or you will work to cross purposes. However important and helpful it may be, and I agree that it is most important and helpful to have specialized efforts to promote trade, to secure technical assistance, to gather and disseminate in the most expert manner all needed information, to organize the facilities of commerce and provide for the manifold exigencies of our exports—and I am as anxious as anyone to see this provision generously made—still it remains so clearly true as in my judgment to be beyond controversy that when you come to the point of dealing with governments you must have a single governmental agency of international intercourse, or you will have confusion and make definite and consistent policy and effective governmental action impossible.

It is especially important to recognize this fact at this time, when our international problems tend to become mainly economic problems. There is the more imperative necessity of adequately organizing international intercourse. The effective intertwining of political and economic problems imposes a heavier strain upon the machinery and requires suitable readjustment, but the exigency requiring a unified system of contact with foreign powers remains exactly the same. In truth, many of our economic problems have now the feature that governments, directly or indirectly, are themselves more largely involved in economic projects, and economic problems must of necessity to a larger extent than before be taken up with governments through diplomatic channels. Unity of control of contact with foreign governments is absolutely essential.

Then there should be a coordination of effort among the different departments of

government. Sometimes it might be supposed that the different departments of government were so many different governments, such has been at times the nature of the intercourse between them. While we are intent upon perfecting any particular agency of government, we can never afford to lose sight of the fact that it is a single government whose varied instrumentalities we are considering and which must act as a single government with a unified purpose and method.

I am glad to say that we are achieving at this time a very gratifying measure of cooperation among the Departments; in particular, the relations between the Department of State and the Department of Commerce are most cordial and mutually helpful. We are working with each other and endeavoring each to aid the other in its recognized field of effort. It is my most earnest desire that all practicable measures shall be taken to promote American commerce and disseminate through all appropriate channels the essential information which the American merchant needs.

The Department of State is carrying the flag of the twentieth century. It aims to be responsive in its own essential sphere to what it recognizes as the imperative demands of American business. It aims at the coordination of the work of all departments bearing upon the same great object of American prosperity. It intends in its contacts with foreign governments to maintain the American tradition of candor and good faith and at this difficult time it is earnestly desirous of aiding in the reestablishment of stable conditions and thus of contributing to the welfare of other peoples upon which our own prosperity must ultimately depend.

A Year of Cooperation

By HERBERT HOOVER

Secretary of Commerce

IT GIVES me a great deal of pleasure to have this second occasion of meeting with the National Chamber. Last year we met in times of very great difficulty, in times probably of the greatest difficulties of our generation in the business and commerce of the United States. We were then in much greater economic jeopardy than any of us were prepared to admit publicly. Indeed, the members of your Chamber, like the members of the Government, whistled valiantly while we passed that graveyard. We were at that time in the midst of probably the greatest credit strain that we will ever have to undergo. We were in the midst of a test as to whether our newly created Federal Reserve System—for it was a new system since the last great economic crisis—could survive the strain. The strain was greater than any probably ever before plunged upon our credit institutions, for we were then in the middle of the greatest commodity crisis that we have ever undergone, prices in less than 12 months having fallen nearly 40 per cent.

But yet the credit system of our country withstood the shock, and we have been able to come through this great crisis without a financial panic. A financial panic would have caused untold havoc, and delayed our recovery for years.

Now that we have long since passed that graveyard, that we are well out of the woods, we can afford to talk with some assurance

as to the situation in business, in commerce and in industry in our country. We have still many readjustments to make, but those readjustments are now of a minor order compared with those that we have already undergone. The prices of consumers' goods and producers' goods have, during the last five months, come closer and closer together, until we are now safely on an economical tableland where we should not meet with any violent price variation for some time to come.

The main purpose and the theme set for this meeting of the Chamber has been the effect of the European situation upon American business. Next to our domestic economic problems, the matter uppermost in the minds of all of us must manifestly be the advance of Europe toward the degree of stability which we ourselves enjoy. The steps necessary for its attainment have been in vigorous debate for the last three years. Business men and economists the world over have long been in common agreement upon the major steps. The great debate at Genoa has again served to confirm these principles and measures.

The conclusions of the great majority include:

First, such political relations between the states in Europe themselves as will produce an atmosphere of peace and destroy the atmosphere of war.

Second, the reduction of armament not only

to lessen government expenditure but to give confidence of peace.

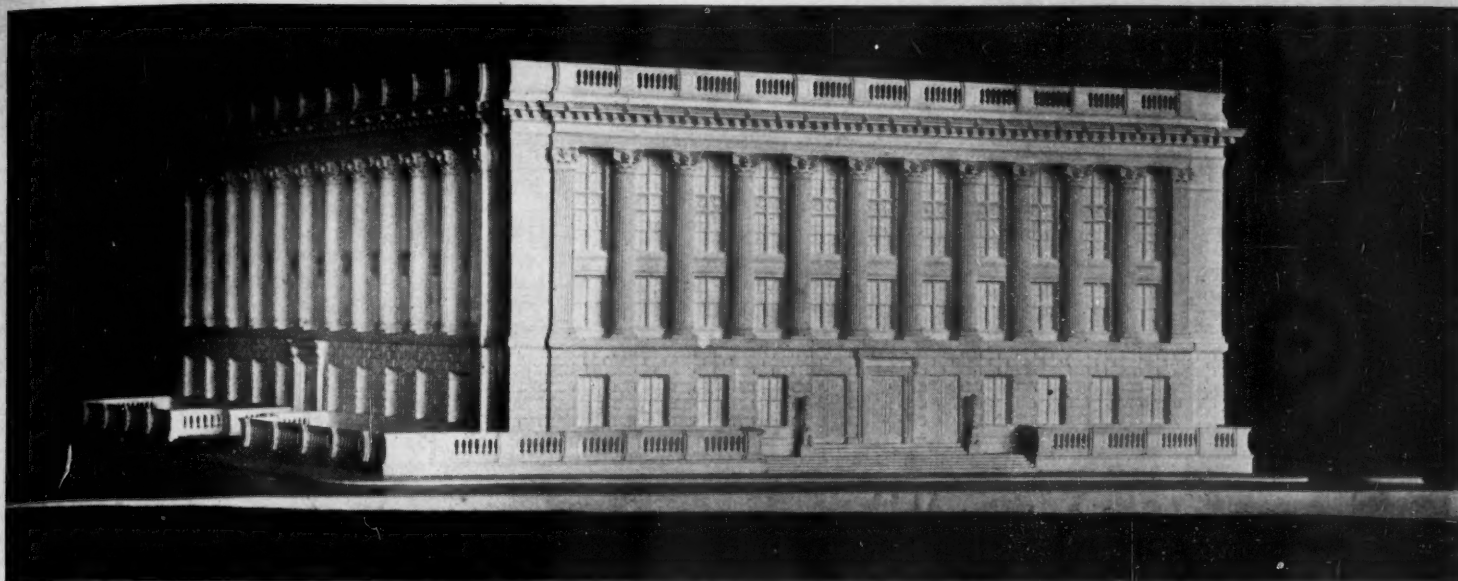
Third, the inter-governmental debts including German reparations to be fixed upon such a definite basis of payment of interest and principal as will create reasonable confidence that payments will be met.

Fourth, the balancing of budgets more through the reduction of expenditure than the increase in taxation and a cessation of the consequent inflation in currency and short-time bills.

Fifth, the ultimate establishment of the gold standard with the assistance of either credits or gold loans, and where necessary, the acceptance of diminished gold content to many old units of currency.

There are many less important steps but they become easy and certain when these major issues are accomplished. If these measures could be accomplished tomorrow the stream of commerce and industry would rush economic recovery at a pace which would amaze the world.

It is easy to lay down principles and measures. It is indeed of value that this should be done. But the attainments of such measures would imply much realignment of political and economic vision. These things are not to be accomplished in days or months. So long as they are not accomplished progress will be slow, for these are not economic theories; they are inexorable principles of economic hygiene, disregard of



New Building of the Chamber of Commerce of the United States to be erected at Washington.

which brings a continued harvest of human misery and danger. And until their accomplishment is in sure process, our citizens must guide their business with caution in relations to the nations who are as yet unable to make these steps.

I am not one who believes that civilization will crash because these measures have been delayed by some nations in the multitude of passions, and almost insolvable difficulties they confront as the aftermath of the greatest of wars. We are now more than three years from the armistice and despite the failure to secure universal economic hygiene, the combatant states upon the Continent, except Russia, have made very definite progress in these directions. The very fact that these states have survived it all is proof of the virility of their institutions.

Our people have a deep solicitude for Europe's prosperity and a sympathy with her difficulties which are comparatively so much greater than our own. Our interest extends far beyond considerations of purely economic interest. Her burdens indeed do react upon our employment and the difficulties of our farmers and of our merchants. In argument of some European business men and economists, however, there is a tendency to overestimate our economic dependence upon Europe, and there is sometimes a tendency to stress too highly the world responsibility as applied to the United States. Our economic progress is to some extent freeing itself from dependence upon the international situation as witness our recovery from the world depression, and we have first to keep America strong if we would be of assistance to anybody.

We have indeed poured our resources into the assistance of Europe ever since the war was won—to a total of probably more than \$4,000,000,000—of governmental and private loans, with an addition of more than \$1,000,000,000 of charity. If we had not done so the continent would have sunk into chaos long before this. It is not our desire to dictate but to cooperate in every way that is possible, practicable, and that will be effective.

When we come to the problems of further economic assistance we must deal with very realistic questions. First, the most unlikely event on the economic earth is that the United States will, as a government, again engage in any governmental loans; and second, as financial assistance must arise from our private investors, then in order to attract those in-

vestors confidence must be maintained in the progress toward peace and economic stability in that nation which wishes assistance from our people.

There are some matters in the lending of private capital that are of concern to the nation as a whole. For instance, it is essential that these loans should be confined to reproductive purposes. All loans to foreign nations which are not employed for reproductive work are a destruction of the capital. The furnishing of raw materials, the construction of transportation facilities, public utilities, factories and production throughout the world, is a use for American capital that blesses both the borrower and the lender. The upbuilding of the rest of the world and its consuming power adds primarily to world well-being, but it also adds to the future demands for our own labor, the products of our own farmers, and the services of our own merchants.

A Double Loss

BUT loans that are dissipated either directly or indirectly in military expenditure or in unbalanced budgets, in the bolstering up of inflated currencies, are a double loss to the world. They are not only a loss in that they add nothing to increased productivity, but they are a loss in that they entail the postponement of those measures which are vital for the economic rehabilitation of the world.

Now, a word on our own foreign trade. I hear many doleful laments over the destruction and depression of our foreign trade. I have not joined in this despair. As a matter of fact, if we would plot a curve of the gradual growth of our foreign trade for a period of fifteen years before the war and project that curve ahead to the present day, we would find that our trade during the very melancholy year of 1921 was almost exactly at the stage it should have been had there been no war. In fact, it exceeded our trade of 1913 by nearly 40 per cent.

Moreover, while we suffered from the slump of the post-war boom, we have not suffered as much as our competitors; and during the last few months our trade has shown distinct signs of improvement, and I see no reason for the dismal note that is struck by some of our citizens with regard to our foreign trade prospects.

It is true that, as a result of the war and other changes in the world's economic condition, there has been a shifting in the relative

volume of export commodities. The most pronounced and deep-seated change in our imports in the last few years has been the steady increase in the tropical commodities, that increase amounting in six years to more than 50 per cent. This group of commodities is in addition to our own standard of living as it adds those commodities that we cannot ourselves produce. Any increase in these commodities certainly does not come into competition with our own industries.

It is my belief that we shall see further increases in the volume of tropical produce, for it fits into the cycle of world commerce, because it enables the manufacturing countries in Europe to draw on our raw materials and our manufactured specialties and to liquidate the payment to us by their exports of manufactured goods to the Tropics.

In our export trade the most pronounced change, due to the war, has been the decrease in our cotton and metal exports, due to the impoverishment of Europe, and, in turn, the increased exports of foodstuffs.

These latter exports today are of a volume greater than those of 1913 by almost precisely the amount that Russia fails to deliver into the world's market. The United States has replaced Russia as the food base of western Europe. It will be many years before Russia returns as a large exporter of food, and we can hope that with her return to prosperity and recovery it will be accompanied by such an improvement in Europe as a whole as to maintain our export trade.

During the past year, as I promised you at your last meeting, the Department of Commerce has been itself under vigorous reorganization. We have had the cooperation of Congress in the furnishing of further appropriations for services of importance to the commercial public. We have had cooperation from your Chamber, not every week, but every day and also at every hour of the day. In that reorganization we have sought to accomplish three issues: First, so to reorganize the foreign service of the department as to make it of intimate and practical value to American industry and commerce; to reorganize it on such a basis that it would represent the cooperative action between American business and the Government. In rebuilding this service we have divided the Department into broad commodity groups. We have asked the various trade associations in the industries concerned themselves to nominate for us the men who

should head those divisions, and to provide from their membership, committees who would meet with the Department, not once a year, but at least once a month, and even once a week, in a deliberate and positive strategy for the advancement of American commerce abroad.

That reorganization has been of some importance. At the time that I met with you last year the average daily applications to the Department for one service or another in connection with foreign trade were less than five hundred. Recently these applications for assistance have averaged more than two thousand a day.

I discussed with you at your last convention the problem of the statistical service of the Government. During the past year we have taken very definite steps in the organization of these services in such a fashion as to produce for the American business public current statistics as to the production and consumption and many other items that are of importance to the business world. The vast statistical service of the Government had been designed to secure information of the most accurate character, but the very accuracy of their service defeated one of its great purposes, and that was its prompt publication.

The census of manufactures recruited once every two years required some six months to secure and some five or six months for publication. The data, valuable as they are in legislative and contemplative sides of the Government, are largely historical from the business man's point of view.

We have reorganized that service in such a fashion that when we have completed the census that is in progress we will have established a basis upon which we should be able to carry forward current annual and monthly statistics of the industries.

We have also branched out in one direction that is new, and that is the inclusion in the Department of Commerce of broad programs for the elimination of waste in distribution and production. Those programs are purely cooperative with the business public. The Department of Commerce is not a regulatory department. It has no desire for regulatory powers. To be of service it must succeed by cooperation with the business men, or it never can succeed.

It has been, therefore, the ambition of the Department that it should build up the most systematic cooperation that has yet been attempted between any department of the Government and the public. That cooperation has proceeded apace during the past year. Two hundred and fifty trade associations are in constant contact with the Department in their problems of the elimination of waste, foreign trade and statistical services, and I believe that the Department now, with the increased resources furnished to it by Congress, the fine upbuilding that it has received in cooperation with your Chamber, promises to be a real Department of Commerce.

One notable case of cooperation with the Chamber during the past year is in connection with the matter of employment. Late last summer or early fall we were confronted with a larger proportion of unemployment than we had ever faced before in our national history. We were threatened with great difficulties and great suffering. The conference called by the President, in which your Chamber took a very notable part, secured the mobilization of the manufacturing industries of the country in support of the efforts of each local community; it secured the enlargement of appropriations and the stimulation of public works; and in consequence we have passed through the

greatest winter of unemployment in our history, and yet there has been but trifling complaint of suffering or difficulty. Indeed the difficulties of the past winter have been far less than those in other periods of less unemployment, largely due to the fine cooperation that has been built up with the manufacturing and business public of the United States.

Such cooperation is in itself proof of a larger vision on the part of commerce and industry.

Ten years ago when this association was founded your conventions had little contemplation that your service would be enlisted to secure the solution of such problems as unemployment. That and a hundred other issues that you have embraced within your services mark the growing vision of the American business man as to his responsibilities to the public and his fortunate position from which he may serve the public. This

spirit pervades not only the Chamber of Commerce but also the great associations of farmers over which Mr. Howard presides. And I would not fail to pay a tribute to our great labor associations for the splendid manner in which they have stood for the economic system, that you and I consider vital to the American people. These are all indications of the wider spread of vision of our national organizations.

The thought of the world is in great ferment. The many changes in industry and in commerce and in the economic currents of the world will bring many fundamental changes to us before your generation and mine is over; the great hope of the American people must be that these great voluntary associations, representing as they do that inspiration and instinct of the American people for self-government, will be themselves the implements through which we will find the solution of this multitude of difficulties.

Russia—An Economic Vacuum

An Address by Herbert Hoover before the American Section of the International Chamber of Commerce

I HAVE been asked to say something upon the situation in Russia. It is indeed one with which every sympathetic person must feel great concern. A great nation is suffering agonies that the world has not known since the dark ages. The overthrow of the old régime, with its centuries of misgovernment, met a great response in sympathy from our people. But the swing of the pendulum under the impulse of the old store of suffering did not stop halfway but swung to a frenzy of destruction that has brought their economic system to ruin.

Even outside the drought-stricken area, the Russian people are slowly dying. They are being destroyed from inside of Russia, not outside. For they die from the destruction of productivity. The people are sick with war and terror; their hope of relief is in evolution, not in revolution. Today the social pendulum is swinging back. Communism has been abandoned for a cross breed of individualism and milder but equally unworkable forms of socialism. Nor must Communism or Socialism be confused with the Russian people, for today the adherents to those beliefs in Russia have diminished to a very small minority. But whether the adherents are small or large Russia must work out her own political and economic system.

Our relationship to this problem must be predicated upon one basis only, and that is what will bring real assistance to the Russian people in this time of their greatest need. We could base help upon sentiment, which is charity. At best it is but a temporary expedient. We are providing charity in Russia today in a measure ten times all the rest of the world, and we are saving the lives of 10,000,000 of their people. The solution cannot be found in charity, for unless productivity is restored, charity will be overwhelmed. Real and lasting help must be based upon cold economics or it will bring no real reconstruction or relief to Russia.

This is no time to discuss the responsibilities for this great catastrophe, except in one minor particular. Some officials in Russia and their followers in the United States seek to blame the responsibility for this situation upon America. The point where we are supposed to have incurred this responsibility was in continuation of the blockade after the war was won. This

blockade, imposed as a war measure against the cooperation of Russia with Germany, was continued for a year after peace.

I, myself, was one of those who strongly advocated that this should not be done, because I felt that whatever goods could filter to Russia would relieve just that much individual misery, and that it would be well for the world to lift the curtain on this experiment in economics. We know now, however, that it would not have made one jot of economic difference in the real situation of the Russian people had the blockade never been imposed. The economic troubles of Russia were from within and not from without, for Russian production was being destroyed in this social experiment and she had no commodities for exchange even if exchange had been permitted.

This is indeed now demonstrated to have been truly the case because the blockade was removed two years ago. During the last two years there has been no ban on any merchant's sending in his goods, or any investor's lending his savings for development of industry if he felt so inclined. No practical advantage has been taken of this situation, and the productivity and industrial machinery of Russia have continued to degenerate steadily until this day. The proof that access to Russia alone was not the solution is evident, for if we subtract the goods that have been moved into Russia by the charity of America and the two or three hundred million dollars of goods imported with the old gold reserve, the supplies moving in the course of normal trade have been pitiable, and the people were starving even before the drought. The export of goods from Russia for 1921 was less than \$10,000,000 as compared with \$700,000,000 before the war.

It seems to be believed by some people that if we would go one step further in relations and establish in Washington a Soviet Ambassador, then goods would begin to flow—but goods do not move in an economic vacuum. More political officials will not solve this issue; it requires the restoration of the dynamic forces of productivity and the establishment of security for investment. The foundation of these things must be laid in Russia; it cannot arise in the United States.

Some Russian officials have held out promises of great advantage to us if we would reestablish ambassadors and would come to

her economic assistance. It is a constantly reiterated statement that here is a vast field for the sale of American goods, for the employment of millions of American workmen and for large profits to those straw men called capitalists. These statements have the same degree of inflation as the bolshevik ruble, which now stands 4,000,000 to the dollar.

When Russia was running full blast previous to the war, she took 1 per cent of the exports of the United States which, when reduced into terms of working time of our workmen and farmers, meant roughly the employment of say 30,000 Americans. We are, therefore, not, nor ever will be, dependent upon Russia for the physical welfare of our people.

If America is to consider financial assistance to Russia on any basis except charity, we must examine the whole problem from a practical point of view. Two solemn facts are outstanding. The first is that Russia is bankrupt. She has no productivity; her factories and mines, even where founded on Russian raw material and repairs, are producing but from 2 to 25 per cent; her railways are transporting less than 7 per cent of their pre-war capacity; her agricultural production is below her own needs instead of the great normal surplus; she has eaten up her entire fat, and can for a long time have nothing to exchange for the services of our workmen or the savings of our investors. Therefore, if we would supply work, capital and talent to the reconstruc-

tion of productivity in Russia, they must be given upon credit or charity.

Second, when our people are called upon to place their savings in such investments, they will be likely to ask for security for repayment and evidence that there will be a return to productivity in order that payment may be made. We arrive at once at the primary consideration of those economic essentials that will make productivity possible and that will give security to investment.

Our Government stated these standards one year ago as follows: "No lasting good can result so long as the present causes of progressive impoverishment continue to operate. It is only in the productivity of Russia that there is any hope for the Russian people, and it is idle to expect resumption of trade

Officers and Directors United States Chamber of Commerce 1922-1923

President: JULIUS H. BARNES, President, Barnes-Ames Company, 42 Broadway, New York, N. Y.

Senior Council:

JOHN E. FAHEY, Publisher, 40 Court St., Boston, Mass.

R. GOODWYN RHETT, President, Peoples National Bank, Charleston, S. C.

HARRY A. WHEELER, Vice President, Union Trust Company, Chicago, Ill.

HOMER L. FERGUSON, President, Newport News Shipbuilding & Dry Dock Co., Newport News, Va.

JOSEPH H. DEFREES, Defrees, Buckingham and Eaton, 105 S. LaSalle St., Chicago, Ill.

Honorary Vice Presidents:

WILLIAM BUTTERWORTH, President, Deere and Company, Moline, Ill.

A. B. FARQUHAR, President, A. B. Farquhar Co., Ltd., York, Pa.

L. S. GILLETTE, President, Plymouth Investment Co., Minneapolis, Minn.

CHARLES NAGEL, Security Building, St. Louis, Mo.

Vice Presidents:

A. C. BEDFORD, Chairman of the Board, Standard Oil Co. of N. J., 26 Broadway, New York, N. Y.

THOMAS E. WILSON, President, Wilson and Company, Chicago, Ill.

HARRY A. BLACK, President, Black Hardware Company, Galveston, Tex.

THOMAS B. STEARNS, President, The Stearns-Roger Manufacturing Company, Denver, Colo.

Chairman, Executive Committee:

A. C. BEDFORD.

Treasurer: JOHN JOY EDSON, Chairman of Board, Washington Loan and Trust Co., Washington, D. C.

Resident Vice President: ELLIOT H. GOODWIN, Mills Building, Washington, D. C.

Secretary: D. A. SKINNER, Mills Building, Washington, D. C.

Directors:

MAX W. BABB, Vice President, Allis-Chalmers Manufacturing Company, Milwaukee, Wis.

ARTHUR S. BENT, Bent Brothers, General Contractors, 1714 Eagle St., Los Angeles, Calif.

J. H. BLOSDAL, President, Bosdel-Donovan Lumber Mills, Seattle, Wash.

GEORGE P. BLOW, 523 Mills Building, Washington, D. C. (Chairman of Board, Western Clock Co., LaSalle, Ill.)

A. J. BROUSSEAU, President, International Motors Company, Allentown, Pa.

O. M. CLARK, President, Clark-Wilson Lumber Company, Portland, Ore.

JOHN M. CRAWFORD, President, Parkersburg Rig and Reel Co., Parkersburg, W. Va.

CLYDE C. DAWSON, Dawson & Wright, Attorneys, Denver, Col.

WILLIAM J. DEAN, President, Nicols, Dean & Gregg, St. Paul, Minn.

CHARLES C. GEORGE, President, George and Company, Omaha, Neb.

EDWIN C. GIBBS, 211 E. 4th St., Cincinnati, Ohio.

CARL R. GRAY, President, Union Pacific System, Omaha, Neb.

WILLIAM T. HINCKS, General Partner, Hincks Bros. and Co., Bridgeport, Conn.

CLARENCE H. HOWARD, President, Commonwealth Steel Co., St. Louis, Mo.

CHARLES S. KEITH, President, Central Coal and Coke Co., Kansas City, Mo.

FRANK KELL, President, Wichita Mill and Elevator Co., Wichita Falls, Texas.

JAMES S. KEMPER, President, Lumbermen's Mutual Casualty Co., Pantheon Building, Chicago, Ill.

FRED P. MANN, Mann's Department Store, Devils Lake, North Dakota.

FELIX M. MCWHIRTER, President, Peoples State Bank, Indianapolis, Indiana.

HENRY H. MORSE, Sales and Export Manager, Regal Shoe Co., Whitman, Mass.

A. C. PEARSON, Treasurer, United Publishers Corporation, 239 W. 39th St., New York, N. Y.

LEWIS E. PIERSON, Chairman of the Board, Irving National Bank, New York, N. Y.

FREDERICK C. RICHMOND, President, F. C. Richmond Machinery Co., Salt Lake City, Utah.

J. H. ROSS, President, Exchange Supply Co., Tampa, Fla.

M. J. SANDERS, Hibernia Bank Building, New Orleans, La.

JOHN W. SHARTEL, Vice-President and General Manager, Oklahoma Railway Company, Oklahoma City, Okla.

PAUL SHOUP, Vice President, Southern Pacific Railway Company, San Francisco, California.

ALVAN T. SIMONDS, President, Simonds Manufacturing Co., 470 Main St., Fitchburg, Mass.

HARRY A. SMITH, President, National Fire Insurance Co., Hartford, Conn.

L. B. STILLWELL, L. B. Stillwell and H. S. Putnam, 143 Liberty St., New York, N. Y.

ERNEST T. TRIGG, Vice President, John Lucas & Co., 322 Race St., Philadelphia, Pa.

HENRY M. VICTOR, President, Union National Bank, Charlotte, N. C.

FREDERICK B. WELLS, Vice President, F. H. Peavey and Co., Minneapolis, Minn.

THEODORE F. WHITMARSH, President, Francis H. Leggett & Co., New York, N. Y.

until the economic bases of production are securely established. Production is conditioned upon the safety of life, the recognition by firm guarantees of private property, the sanctity of contract, and the rights of free labor."

This statement sets no moral or political standards; it is but the hard, cold, economic fact. It was made in a spirit of sympathy and interest in the practical welfare of the Russian people. Since this statement Russia has made some progress toward these primary essentials. But the fatal difficulty is that under even the present somewhat modified system both security and promise of productivity are insufficiently certain, and this certainly has to be made clear, not to the American Government, which is not a money lender, nor to the American banker who is but a broker, but to the American investor whose savings are at stake and to the American merchant whose goods are to be contracted for.

Unless the confidence of these merchants and investors can be secured there will be no credits extended other than the minor sums of the greedy speculator. Our citizens in considering these things naturally raise the question of the treatment of our fellow-countrymen who have already invested their savings in Russia, not alone because of any solicitude for the comparatively small amount of such investment but because their treatment will be the index of confidence to others, and far beyond this, because there lies here a principle to which the American people must needs take heed, for that principle lies at the root of the whole basis of international commerce.

This principle is that unless foreign merchants and investors may enjoy property and security of contract under the terms of the institution by which they acquired them, or

alternatively, receive compensation for the loss of them, then the whole fabric of international trade and commerce will disappear and the world will go up in chaos. It is impossible to conceive commerce between nations that is not founded upon the right of property and upon the sanctity of contract. A century ago nations were nearly enough self-supporting to withstand such a shock. The world has now grown into absolute interdependence. The very life of people depends upon the movement of commodities and goods from one nation to another.

Property Rights Indispensable

PROPERTY rights are not a fetish; they are an instrument of industry and commerce and are as indispensable as ships. Unless there can be an assurance of the security of these rights of foreigners there can be no processes of exchange in goods or investment of savings. There is no enforcement of property rights and contract between nations unless we are to force the test of war which America has always refused to do. Our only course is to decline relationships until these things are maintained. Upon confidence in the good faith in these principles among nations rests the whole fabric of international life.

These are not academic theories. They are questions which affect the life and death of millions of people outside of Russia who are dependent upon international commerce for their daily bread. They are the economic foundations of relations that must be established with Russia, for they alone will make for her real reconstruction and the salvation of her people. All else is beside the point except charity, which in the nature of things must be temporary.

In the meantime, while Russia slowly swings toward the standards that we believe are vital to her recovery and to the point

where it is possible to undertake her rebuilding, America has not been remiss. Before the next harvest the American Relief Administration, under my direction, will have expended more than \$50,000,000 in American charity on the saving of Russian people from starvation and in providing seed for the next harvest. This operation will perhaps do more than save ten millions of humanity from death. It will, through this act of charity, have saved the soul of the Russian people from an abyss of despair too terrible for human expression. It is the visible evidence of the sympathy of the American people and our desire to help.

To those Russian officials who have this last week reminded us that our Government in its relations to Russia was dominated by horrible trusts who would recover their property, it may be pointed out that the sums we are spending on charity before the next harvest will probably exceed the whole value of American property in Russia and, incidentally, will be many times as much as the charitable contributions of all the rest of the world together. But charity is not a solution.

But when all is said and done, the great problem still stands out. Russia is slowly dying because the dynamic forces of production and foreign confidence have not yet been restored. We, a great Christian people, look with horror and deepest sympathy upon her untold miseries. We wish to find foundations in realism for assistance to the Russian people. To extend this help requires a vast restoration of confidence. It requires a restoration of the processes of business and commerce. Russia is making progress in these directions. We wish to help, but where does lasting help lie except in the firm and final reestablishment of those basic fundamentals that we have already stated?

Europe Is on the Mend!

By ARTHUR BALFOUR

PROGRESS toward reconstruction, while it has appeared to be slow to those of us in close contact with the situation, when viewed from the experiences of past history, has really been extraordinarily rapid. The situation created after the Napoleonic Wars required twenty years of readjustment before normal conditions were again reached. In more recent times the Boer War, in which England alone was involved, caused a depression in trade which lasted for at least four years, and I feel that there is cause for us to be thankful for the progress which we have made toward reconstruction in the past three years after the most devastating and ruinous destruction of life and property that the world has ever seen, and that on the whole it is really highly satisfactory.

The real financial strain which has disastrously affected the industry and commerce in all European countries and, to a lesser extent, in your own country, has been the enormous burden of taxation which has been imposed. Few people realize the extent of this strain. I think I can perhaps bring it home to you by quoting the amount of taxation per head of population and the expenditure per head of population which has been incurred by the United Kingdom, France, Italy, your own country, and Germany, for the years 1913 and 1921:

ALL AMOUNTS SHOWN IN THEIR EQUIVALENTS IN POUNDS STERLING PER HEAD OF POPULATION

	Taxation		Expenditures	
	1921	1913	1921	1913
U. K.	£20.4	3.5	24.3	3.7
France	9.44	1.7	18.56*	2.26
Italy	3.19	.633	6.51	.805
U. S. A.	7.3	1.55	7.5	1.7

*Of the French expenditures of £18.56 per head in 1921 France hopes to recover £7.81.

I will call your attention to the fact that the population of the United Kingdom has had to bear taxation to the extent of £20.4 sterling per head of population. The next highest figure after the U. K. is France, which, taking the franc at 50 to the pound sterling, works out about at £9.44. Then follow the United States with £7.3 per head of population, taking the dollar at 4.40 to the pound.

The really significant point about the figures which I have quoted to you is that in not one single country is the expenditure completely covered by taxation. This is a very serious situation and must be stopped if national insolvency is not to result. I might tell you that, in addition to the taxation of £20.4 per head of population in England in the year 1921, local taxes were paid to the extent of £4.11 per head of population, which is three times as much as was paid in the year 1913. The urgent and absolute neces-

sity for every one of the great countries to which I have referred is a drastic and accumulative reduction in expenditure. We cannot, under any consideration, continue to spend in the present lavish way on administration or public services, and it is the prime duty of all those engaged in industry and commerce not only to suggest to the administrators of their country the methods by which savings can be made, but imperatively to insist on those savings and see that they are actually put into operation.

There has been an enormous increase in expenditure on what I might describe as "public services" such as Health Insurance, Old Age Pensions, Unemployment, Education and reliefs of one kind or another. In the case of the United Kingdom these expenditures in 1920 were 257,000,000 pounds sterling, whereas the total national revenue for the year 1913 was only 200,000,000. While most people are in agreement that money should be spent on education, the prime necessity in every country is to feed and clothe the young generation which is growing up, and to look after their health and then educate them, and in this way alone can the industrial and commercial capacity of a country be maintained.

It is extremely difficult for those dependent upon votes adequately to face the reductions

in expenditure which are vital and which must be brought about before we can look for a real steady improvement in trade. One of the most disastrous features of the war taxation in every country has been the fact that the Administration's interest was to collect the maximum amount of taxes possible, and this has caused the revenue collecting authorities to insist on assets, particularly stocks, in the balance sheets being taken at the highest possible figure which they could justify. This has resulted in inflated profits.

In normal times you and we, as prudent men of business, would have kept on reserve substantial amounts to meet the fall which we knew was inevitable in the value of our stocks. These reserves have been absorbed by taxation, but the worst feature of the situation is that whereas the value of these stocks has now disappeared, the liability to taxation against the values on which they were based still remains, and what was intended to be a tax on income has now become a tax on capital, with disastrous results to many well-established and well-managed concerns in all European countries.

Happily taxation which was temporary is disappearing, and with its disappearance the governments of the various countries will leave the management of the businesses and the prudent making up of the balance sheets to the discretion of the business men of their various countries.

Another great menace to industrial and commercial prosperity is the question of war debts and reparations. The Reparations Commission has published the following figures, in pounds sterling, as the claims of the varied powers named:

British Empire.....	£2,846,700,658
France.....	8,741,663,845
Italy.....	2,968,515,655
Belgium.....	1,465,194,477
Japan.....	83,277,400

I believe that since these figures were published the United States has made certain claims which were not before the commission at the time these figures were printed. To bring home to you the amounts owing by various countries as debts contracted on account of the war I read to you the following table, which has been converted into sterling equivalent at current exchange:

	Debt to Allies, millions	Approximate sterling equivalent, millions
United Kingdom..... to United States.....	\$4,166	952
France..... to United Kingdom.....	£ 557	1,322
France..... to United States.....	\$3,351	
Italy..... to United Kingdom.....	£ 477	854
Italy..... to United States.....	\$1,648	
Russia..... to United States.....	\$ 193	
Russia..... to United Kingdom.....	£ 561	725
Russia..... to France.....	£5,755	
Belgium..... to United Kingdom.....	£ 103	
Belgium..... to United States.....	\$ 375	252
Belgium..... to France.....	£3,027	
		£4,195

It will be appreciated from these figures that the debt owing by the United Kingdom was entirely incurred by the United Kingdom in financing France and Italy during the war. There is an absolute determination of the British people to pay the whole amounts they owe at the earliest possible moment, but I will not hide from you the fact that this is going to strain the resources and the courage of the British people to the very utmost.

The new situation which has been created is that your country for the first time is the great creditor nation of the world. There are two kinds of debts owing—those which relate to pre-war debts, and which may be

looked upon as for productive purposes, and those which were incurred entirely on account of the war and were not productive but destructive. These figures today have been merged, but it is well known that the bulk of the amounts owing were unfortunately incurred for destructive purposes. There is only one way in which the debts and this

Who Balfour Is

ARTHUR BALFOUR is one of the great steel men of England. He made a trip to America recently in the interest of the fine steel makers of his country who saw in certain proposed tariff schedules before Congress a danger to their industry.

After his name in "Who's Who" is the announcement that he was Master Cutler of Sheffield and that he is a member of many scientific and commercial organizations. His firm is Arthur Balfour & Co., Ltd. As to his knowledge of this country, it is chronicled that he came to the United States when he was eighteen and spent four years "at the New York Car Wheel Works, Buffalo, N. Y., where he was made manager at the age of twenty-one."

THE EDITOR

reparation money can be paid, and that is by vast and continuous efforts on the part of the people of the country who have to pay, and a great increase in productive capacity per head of population. There must be more strenuous labor, aided by improved methods, of production and organization. The only other alternative is a great reduction in the standard of living. It is the common interest of all the countries not to impose such burdens on any nation, even those who are directly responsible for the greatest wrong which has ever been imposed on humanity, greater than that nation is able to bear, or such as would reduce their standard of living to a very low point. It is highly detrimental to the world as a whole that the standard of living by coercion of this kind in any one or more country should be reduced to so low

the war, while most other countries were unable to keep pace with our production. It naturally follows that we are in a state of suspended animation while the other nations of the world endeavor to catch up and counterbalance our vast production. They can hardly hope to do this in the form of manufactured goods alone, but they must do it in the form of agricultural products, tropical and semi-tropical products, and services. This state of things was bound to cause dislocation of trade, and the surprising fact is that the exchanges of the world have begun to regulate themselves as quickly as they have.

If you examine the exchanges of the day, you will find that in every country where the government is reliable, and where the people can be trusted, there has been a steady and marked improvement. Only in those countries where the governments are not stable and where there is doubt as to bargains which are made being honestly kept does the exchange remain in a chaotic condition. There is no royal road to sudden improvement in exchange; it depends in the first instance entirely upon productive and honest work; in the second instance on the faith and integrity of each individual nation.

No conference of any kind will adjust the exchanges of the world! I am of the strong conviction that the less politicians and governments have to do with attempts to adjust the exchange the sooner we are likely to reach a safe and steady basis on which we can trade. It cannot be said that the war debts of themselves have been detrimental to exchange as, up to the present time, with the exception of a certain amount paid by Germany in the way of reparations, there have been no very substantial payments made which could have caused vast fluctuations in exchange. The moment that the countries of the world have an excess of revenue over their expenditures, and boldly face the deflation of their currency which has been inflated owing to war conditions, this, together with energetic production, will result in gradual and permanent improvements in the exchange which we are all so anxious to see brought about.

When we consider the enormous liquidation of war stocks which has taken place in every country, is it to be wondered at that industry and commerce have been vastly disturbed? In Great Britain alone in the past two years the government has disposed of £700,000,000 worth of war stocks, a quantity of material which closely approximated the total exports of Great Britain in some of the pre-war years. I am glad to be able to tell you that these war stocks in all the countries in Europe are now being gradually absorbed and disposed of, and the way is being made clear for the production of new material, which, I believe, will shortly be required for real and immediate use.

I am able to report to you many distinct and hopeful signs in Europe, and particularly in Great Britain, of a real return to gradual prosperity. We have had, as you know, vast labor disturbances in England, and so long as the government interfered between the employer and the employed no settlement has ever been reached which the particular industry could support from an economic standpoint. It is an impossible situation, for a government which depends on votes, to endeavor to adjust wage questions between employer and the employed, and the Government of Great Britain has now realized this fact and has definitely stepped out of the arena. The consequences are that wage adjustments are now taking place on an agreed basis between employer and employed, and

a point that it would result in such countries producing goods through low rates of wages at a cost which would fundamentally injure the export trade and the well-being of other countries. At the same time, in some countries the standard of living has reached such a point where it contains so much of luxury that the only way in which it can be maintained is by a vastly greater production and vastly greater individual effort than we have seen in recent years.

One of the great difficulties in the way of free trading today is the question of exchange. Great Britain and the United States produced goods in enormous volume during

on the basis of what industry can pay to enable it to carry on and produce regular work for those employed in it and find an economic sale for its product. This has had very remarkable results. In the case of the coal trade, the production of which was in a lamentable condition as a result of war conditions and political interference, the output has risen not only in the total number of tons produced, but the output per person has risen 20 per cent in the last six months. This being a basic industry on which all other industries depend, it is having very far-reaching consequences and is infusing new hope into many industries which were staggering under the strain that had been imposed upon them.

Apart from this, all the highly placed trade unionists in England have come to realize that the policy of advising their members to do the least possible amount of work for the maximum wage which they could squeeze out of the public is fundamentally wrong, as it has resulted in driving trade away from the country. The other great advance towards real production of goods at a price at which they can be sold is the fact that the trades unionist has now realized that to use his funds for political purposes and what is known as direct action—namely, a combination on unions to menace the life of the community—has proven to be a total economic failure. The community in Great Britain has been challenged on one or two occasions and has taken up the challenge as a whole, with disastrous results to the trade unions concerned.

We, in Europe, believe that there are sound and desirable functions to be per-

formed by a properly managed trades union, but in recent years the management of these unions has fallen somewhat into the hands of bolshevists and communists, largely due to the fact that they were able, during the war, by political pressure to obtain concessions which they could use as a lever for their retention as leaders. All this has not ceased, and it is surprising how the man in the street is now beginning to realize the real economic basis on which his employment depends and is now insisting that sound conditions should be put into operation at the earliest possible moment, and is prepared, as the employer is prepared, to make all the necessary sacrifices without the long-pitched battles in which politics and wages have unfortunately become confused. It is now realized that the only arrangements which can last are voluntary arrangements between employer and the employed, and not those imposed upon them by the government or any other third party.

There has been a considerable fall in the wholesale prices throughout Europe. Unfortunately the retail prices have not fallen as rapidly in comparison with the wholesale figures. In this connection the diagram which was produced by Mr. Ayres of Cleveland has been helpful in Europe, and it has brought home to the public in England the fact that on two previous occasions, namely, during your Civil War and the Napoleonic Wars, wholesale and retail prices did reach the same high figures as during the present war, and this diagram also gives some indication of the rate of fall which we may expect before we reach normal.

We are finding it necessary in England to

bring considerable pressure to bear on the retailers to make the reductions which they can well afford to make, as it is not reasonable to expect the workers to submit to the reductions in wages which are inevitable when their cost of living is being artificially maintained. This is a condition which is causing anxiety in most of the European countries, but it is gradually adjusting itself. The index figures for Great Britain are showing that the fall is proceeding at the rate of from 5 to 8 points per month, and this very steadily.

Unemployment is still very general throughout Europe. Perhaps the greatest sufferer of all is England, owing to the fact that we manufactured on such a large scale during the war that the adjustment between our trade and that of other countries must still take some time. There are still over 2,000,000 people unemployed in Great Britain.

The consequences of unemployment and the economic conditions created by the war have caused in every European country panic legislation by the governments concerned, which has very frequently taken the form of high tariffs. Some of these tariffs are now in operation, with disastrous results. They have not cured the unemployment question at all; in fact, they have rather accentuated it, and public opinion is now swinging around gradually to the removal of all possible barriers, in the realization that in this way alone can the ordinary channels of trade be successfully opened and steady employment found for the people. Probably the greatest result which might have been produced from this war would have been a decision of the Supreme Council in Paris to go in for



© Underwood & Underwood

Desolation at an English port during a dock strike. Great Britain, like the United States, has been heavily taxed by labor disputes. Mr. Balfour says that the attempts of the British Government to

arbitrate were unsuccessful because the Government depended on votes and that successful wage adjustments are now taking place between employer and employed without official interference.

world-wide free trade. It would have meant dislocation in certain countries, but nothing would have more quickly adjusted the confusion into which the trade of the world has been thrown.

There have, as you know, been many conferences in Europe, the most satisfactory result of which has probably been that the statesmen of the various countries have got to know one another personally. They have also held out some hope for readjustment from time to time, which has carried the people of the various countries along through difficult periods. The actual results from such conferences have, on the whole, been disappointing, the only conference which has really accomplished something tangible being the Washington Conference, which was so admirably handled by your Secretary of State, Mr. Hughes, and which met for a specific purpose.

Disarmament—and Sheffield

I NEED hardly tell you that while the conclusions arrived at, and the agreement made, hit the town of Sheffield, from which I come, very heavily—as we have three firms at least from whom you can order a complete battleship—at the same time we recognized that the time to reduce armaments had come, and that no country could afford to spend its money on unproductive things such as battleships, but would require the whole of its capital for production, and later on for the expansion of trade which surely must come. We are anxious to see the United States taking part in some of these conferences, as we are convinced that your help will be necessary if we are to disentangle the many twisted skeins in Europe.

I now come to some consideration of the situation in Germany. The deliberate policy of debasing their currency, which has been consistently followed there, while it has had certain beneficial results, is now leading the nation into chaos and disaster. To indicate to you how far this debasement went, in the week ending September 30, 1921, the German Government printed notes to the face value of double the entire issue in 1914.

The greatest difficulty which the manufacturers of Germany have to encounter is the purchasing of their raw materials abroad. It was the United States, England, France and Italy, who largely helped them out of this difficulty by speculating in marks when they were from 150 to 350 to the pound sterling. The foreign currency so purchased was left in the various countries where it was so speculated and has been very cleverly used for the purchase of raw materials. This money is now practically used up, and the Germans are face to face with the real facts and are finding it impossible to purchase the raw materials they require to carry on their trade. I can cite to you an instance where they purchased £50,000 worth of material in England, and the transfer of the requisite number of marks raised the exchange 100 points, or five times the pre-war number of marks which purchased one pound sterling.

The bogie of German competition all over the world has been run to death for political and other purposes. It was inevitable that in the beginning the Germans, who manufactured for depreciated paper and sold for gold and had such urgent necessity to work, would be serious competitors for the world's trade. Quite apart from the export trade which Germany has done, which has not been nearly as great as has been advertised, there has been a fictitious trade going on within the German Empire. The people have no confidence in their own currency

and have been doing everything they could to convert the currency they own into tangible objects. This has created a false internal trade, which is on the verge of the most terrible collapse.

Attempts have been made by some countries to shut out German goods. This, in my opinion, was an entire mistake. In the first instance, as Germany has to do some export trade, it was much better to let her spread this trade normally over the world rather than to enforce her to control specific markets. In the second place, if she is to pay reparations she can only do so by trading, as only in this way can she secure currency which would be acceptable by the Allies. But beyond even these considerations, the 80,000,000 people contained in the German Empire before the war were large consumers of various goods and tropical and semi-tropical products, and unless they are again in a position to purchase their quota of these things the trade of Great Britain and the United States with India, Africa and Australia must be restricted because these countries have not been able to sell their products to Central Europe.

Any direct attempt to prevent Germany trading can only act as a boomerang and prevent Germany paying what she owes. There need be no feeling that the German people are going to escape the consequences of their act in creating the war. Their awakening is bound to be a sad one. It may be possibly postponed another six or eight months, but already we see that they are forced through economic circumstances to increase their export prices. We are finding that in certain European countries they are now unable to compete with Great Britain, and if we do not allow Germany to trade, in fact, if we

do not insist that she trade, the Allies will most certainly bear the whole cost of the war—that is, pay the reparation which we believe is so justly due to Germany. It is equally true, however, that neither the debts owing by the Allies to the other nor to the reparation money paid by Germany can be paid with safety unless payments are spread over a very considerable period. The trade of the country receiving such large amounts would be bound to be jeopardized and, whatever artificial barriers might be created, the result would be unemployment and hard times from an economic point of view.

I have sketched you as briefly as I could the conditions which exist. I can say to you that in England certainly, and in some of the other countries, we have seen the worst. We are reaching economic conditions where trade on a proper basis will again be possible, and I am very hopeful that before the end of the year trade will begin to flow in its normal channels, and the disastrous unemployment from which we are suffering will gradually pass away.

I cannot conclude my remarks without saying to you, as frankly as possible, how imperative it is that you and we, the great Anglo-Saxon people of the world, should not only stand together but work together, with the greatest possible harmony for the reconstruction of Europe. It is not alone the reconstruction of Europe which, whether we like it or not, has been placed upon Anglo-Saxon shoulders, but the whole peace of the world depends on us and is our natural heritage, and we must assume the burden and face our responsibilities together. Without complete cooperation of America and Great Britain there can be no permanent peace in the world, and no happiness for its people.

Conditions in the Netherlands

By J. C. A. EVERWIJN

Minister of The Netherlands to the United States

IN OUR country wages have gone up in the last few years according to the higher cost of living and although the retail prices are going down as they have all over the world they have not so much fallen as the wholesale prices and the wages are still on a higher level. The increase of wages has caused a tremendous increase of the expenses of the government and of the municipalities for which increase the factors of importance also were the considerable expenses for allocations to unemployed and for providing houses as the housing problem in our country is a very serious one.

So it came that although Holland is not a militaristic country and does not keep a big army nor a powerful navy the budget of the Government arose from about 238 million guilders in 1913 to 938 million guilders in 1922 and the total of the budgets of the municipalities rose from 279 million guilders in 1913 to 850 million guilders in 1918. A later figure is not available for me at this moment but I think that it will not be very much lower now. This big increase of expenses created a tremendous increase of taxes, for we think it necessary that budgets must be balanced, and so at this moment the man with an income of not more than \$4,000 pays more than 27 per cent on income tax to the Government and to the municipality. As we have very strong progression in our taxes in Holland it is easy to understand that the

people with big incomes pay much more.

Now being in this situation what would be the standpoint of a Netherlander with regard to the reconstruction of Europe? I say as a Netherlander because here I am talking simply in that quality and not as a representative of my government.

The first wish, of course, is to have the taxes cut down but this is a rather internal affair. It may be that the cutting down of government expenses all over the world would help a great deal toward reconstruction.

With regard to the foreign competition, there are two currents in our country, one wishes the government to take measures to restrict importation and the other one is opposed to that, being convinced that, should even restriction of importation foster the sale of home produce on the home market, export could not be helped by that, and the lack of export and the low prices which only could be got for exported products should make impossible amelioration of the general conditions in our country.

They think that an issue must be found not on nationalist but on international lines, that one country cannot be healthy when the others are sick and that for the health of the other countries much cannot be expected from partial measures but from restoration of sound conditions necessary for production in every country and removal of all unnecessary restrictions for the traffic between the different countries.

Genoa, Clinic Not Conference

By FRANK A. VANDERLIP

A Special Cable Dispatch Read before the Annual Meeting of the Chamber of Commerce of the United States

GENOVA, May 17.—Genoa is more a clinic than a conference. It has exposed the variety, nature and extent of the diseases from which Europe is suffering, but it has performed no surgical operation nor has it administered any important dose of medicine. Officially it was not permitted even to examine the most serious diseases. Nevertheless, unofficially their nature has come to be more clearly understood.

The diseases of fantastically excessive reparation claims; of excessive military expenditures causing inevitable unbalanced budgets; of boundary lines that outrage economic and ethnical principles; of interest and governmental debts so vast as to destroy the hope of solvency—these diseases could not be officially studied and diagnosed. The disease of the economic isolation of Russia having a population equalling nearly one-tenth of the world has been exhaustively studied only to be referred to further study by the Hague Commission.

Owing to the prohibition on discussing more important subjects, the immediate economic significance of Russia has been absurdly emphasized. Under the most favorable agreement conceivable with Russia that country would not be able to make any important contribution to Europe for several years. An agreement with Russia, when obtained, will for a long time only furnish an opportunity to send goods on credit. Little or no Russian production can be returned in exchange for several years.

The financial resolutions adopted are sound but for the present necessarily ineffective. They declare the stability of currency value a requisite for economic reconstruction. That is impossible of accomplishment while budget deficits persist. Balanced budgets must await reduced military expenditures. Disarmament could not be discussed here, but must be before budgets can be balanced. Therefore, reduced military expenditures are a prerequisite to stabilizing currency.

The plan for a London conference of central banks is admirable but not promising of important immediate results. Most central banks are at present in varying degrees of insolvency. The proposed cooperation among central banks so placed is difficult of realization.

American participation in the London conference is highly desirable, but it is important, however, that we should not involve the custodian of our bank reserves in commitments to stabilize European currencies. I believe

that America should study a plan for segregating some of its gold stock to help Europe stabilize her currencies after budgets are balanced. The American gold reserve is so large that it will otherwise invite dangerous inflation. Our Federal Reserve System, however, should be kept free from entangling alien commitments. We might organize a parallel institution to cooperate with the central banks of Europe and thus avoid any unfortunate commitment of the Federal Reserve System.

Hope of the London Conference

THE financial resolutions favor countries with low exchange, devaluating the currency to approximately its present gold parity. All voted for this, but no nation is prepared to take the lead and to act. We may hope at the London conference to formulate a convention among the central banks for economizing Europe's gold reserves and creating an international clearing system on a gold exchange standard. It is declared that there is no hope of stabilizing monetary units without a coordination of the gold policy of Europe and the United States. The implications of that are that the United States should shape its rate of discount so as to cooperate with the European central policy. Europe would like to see a low American discount rate, inflation and higher prices. America would thus be a better market to sell in and a poorer market to buy in, which would help Europe to balance its foreign trade.

The financial resolutions recommend: First, that governments meet expenditures without a fresh creation of currency or credits; second, that they devalue money units to approximately their corresponding exchange values; third, that they establish the gold value so fixed in a free exchange market; fourth, that they maintain currency at the devaluated gold level by providing adequate reserves of approved assets, not necessarily gold.

It is proposed that central banks may maintain reserves in the central banks of other countries of approved assets in bills, short-term securities or other suitable liquid resources. The participating central banks would then maintain currency at the devaluated level by buying or selling exchange on other participating countries. The central bank convention will thus be based on a gold-exchange standard.

A condition of continuing membership will be the maintenance of the national currency units at the prescribed exchange value, and a failure in that respect is to entail suspension of the right to hold reserve balances in other participating countries. Credit will be regulated with a view to maintaining currencies at par with one another and with a view to preventing undue fluctuations in the purchasing power of gold.

I regard the proposed convention as extremely difficult to work out considering the problems of balancing budgets, cessation of fresh currency printing and deficient foreign exports in certain countries.

It is not worth while detailing all recommendations of the financial, transportation, and economic sections. They are sound, but do not represent unanimously a disposition to put them in force. They are copybook maxims and do not commit to action any more than a schoolboy is committed when he writes a copybook maxim.

It is of more importance briefly to survey the general European situation. In proper perspective as to time and importance Germany is the heart, and the problem Germany faces is financial collapse unless she is relieved from immediate payment of reparation installment and is given a breathing spell.

She must have more than a moratorium on reparations. She requires active financial aid. Only a miraculous combination of favorable circumstances can save her from collapse. Her collapse would be contagious. The real drama, therefore, shifts to Paris. If a loan to Germany can be arranged, the situation can be saved. The prerequisite sound basis for a loan should be the adjustment of reparation payment into a form which Germany can bear. The great political difficulty is getting France to agree to that. The committee meeting in Paris on the 23d is of first-class importance.

Strong statesmanship on that committee might compel a reasonable attitude on the part of France; then arrange a loan. If that is not done, the German situation is critical; royalist plots in Bavaria and significant increasing prices promise a great social hardship which may result in revolutionary outbreaks.

The Russian situation has a more important side to it than oil concessions or terms upon which property belonging to foreigners will be returned. Fifteen million are starving there now; transportation facilities are so completely demoralized that the famine area is likely to increase this summer and involve 30,000,000 by next fall.

The danger is of pressure over the indefinite borders of Baltic states of the famine-pursued Russians; there is also fear of the Red army becoming active, but my personal belief is that the food and transportation back of the Red army are so inadequate that it would not successfully push the campaign of invasion. The Russian sentiment, how-



ever, is reported to be turning more radical.

I have no faith whatever that Russia is sincerely turning towards capitalism and abandoning communism. I believe they continue to maintain a propaganda campaign in other countries.

Capitalistic and communistic orders of society are incompatible. Our attitude of reserve is undoubtedly correct, and the Govern-

ment should have every support. I believe the Government has been eminently wise in its attitude of aloofness towards Russia and its nonparticipation at Genoa.

If the American Government could organize a conference with agenda containing all vital subjects and have frank, complete discussion under our moral learning or moral leadership, it would promise good results.

Conferences without well-thought-out programs are useless. Genoa had no program, contrasting sharply with the Washington conference in that respect. The attitude of the American Government with respect to Europe has been so eminently wise that I feel like trusting the Administration fully and that we had better not embarrass it with suggestions.

Can Germany Pay and Not Work?

By SILAS H. STRAWN

Chairman of the Board, Montgomery Ward & Co.

IN THE lottery of the World War, the United States drew nothing, either in territory or in participation, in the reparations. Our national debt was increased from \$1,190,000,000 to \$25,322,000,000, and we loaned to our Allies sums now amounting to more than \$11,000,000,000. Except in the case of Great Britain, none of the interest upon these loans is being paid. It is running on at the rate of \$1,500,000 a day and thus increases the taxes of our people, levied largely upon the industry and enterprise of our business men.

Although not the beneficiaries of any reparations, we are vitally interested in the subject because it is inextricably involved with the maintenance of peace, the limitation of armament, the foreign debts due us, the restoration and extension of our foreign markets and the prosperity of American business.

France demanded, as a condition precedent to the waiver of her insistence, that there should be a buffer state between her eastern frontier and Germany, that the United States should (a) be a party signatory to the Versailles treaty, (b) be a member of the League of Nations, and (c) join with Great Britain in a separate agreement to come to the aid of France against further unprovoked attacks by Germany.

Our representatives at Versailles agreed to these conditions, but we ratified none of them. Thus France says she has no alternative but to protect herself by maintaining a large army.

The inconsistency of France's position is her demand for the maximum of reparations with the minimum of industrial recovery in Germany. This is an economic impossibility.

All agree that Germany can never compensate for the awful loss of life and suffering she inflicted upon the world, but that the German people should be required to work hard and live frugally for generations that they may pay to the utmost of their capacity for the damages they have wrought.

The great problem is not only how much Germany can be made to pay, but how much and how fast can the Allies afford to take.

It is difficult to face the fact that in imposing a just penalty upon the aggressor we may thereby do the injured a greater harm.

Germany says she has no way to pay the indemnities except by her labor; that to meet the amounts fixed by the Reparations Commission she must increase her exports far beyond any pre-war level; that to do this, the markets of the world must be opened to her; that she must have credit for raw materials; that she cannot obtain credit; that it would be better for the Allies greatly to reduce the amount demanded than to destroy the trade of all other industrial and commercial nations by this intensive competition.

That the payment of reparations by Ger-

man goods would reduce the exports of other nations is undeniable. Already antidumping barriers have been erected.

Furthermore, if Germany exports enough goods each year to pay the reparations, she reduces her capacity to buy goods of other nations by that much. Every nation must appreciate the necessity of permitting Germany to use at least a portion of her exports to buy imports, if the trade of other nations is not to be seriously impaired. France seems unable to realize the force of this argument and evidently regards her 52 per cent of the reparations, or 68,640,000,000 gold marks, as a good asset.

Restoration in France

IN this connection it must be remembered that France has already expended 90,000,000,000 francs in restoring her devastated regions and that she has received nothing from Germany except the small payments in kind.

Conscious of this and of the fact that without the German payments she cannot balance her budget and is probably bankrupt, France seems still to be hoping that in some way she may compel payment or in default she may take the Ruhr and dismember Germany.

No one can tell how much Germany can be made to pay. We should not measure her ultimate ability to pay by judging her condition at its worst.

The amount of reparations and the time of payment is left to the commission under the treaty. Because of our vital interest in the matter, the United States should be represented on the Reparations Commission.

The point at which Germany may collapse financially is as difficult to determine as is the time when she may blow up industrially. Careful observers have said that the workers of Germany and Austria have not become bolsheviks during the last year only because bolshevism is a failure in Russia.

The safest insurance against chaos in Germany is to keep her on a production basis. To do this her workers must be allowed to earn a living wage. They will not be content when, as they said last summer, a French soldier stands by their side demanding all their wages. The collapse of Germany financially or the destruction of its present government by bolsheviks would be a disaster awful to contemplate.

We frequently hear that this country is the richest and most diversified in resources of any on earth and that, stretching as it does from the Arctic Ocean to the Isthmus of Panama, the opportunities to prosper from our domestic trade are unlimited; that the percentage of our foreign trade is so relatively small as to be negligible; that we can easily isolate ourselves and "live on our own."

To the members of this Chamber no argument to demonstrate the fallacy of that proposition would seem necessary. During the past fifty years, and more intensively during the last thirty, the productivity of the industrial nations of the world has increased enormously. Especially is this true of Great Britain, Germany, Japan and the United States. This industrial growth was made possible only by a corresponding expansion of markets.

Every day ships leave our ports carrying in their holds the products of our agriculture and manufacturers consigned to every civilized country under the sun. Returning, these same ships bring back to us raw materials or manufactured goods which we cannot produce at all or else in quantities insufficient to satisfy our needs.

More than one-third of the people of the United States live upon farms or are dependent upon agriculture. Their prosperity depends not so much upon the amount which they produce as upon the price which they receive for their products. While to a certain extent the price is influenced by domestic demand, the foreign demand is the determining factor. This is as true of the United States as it is of Great Britain or any other large producing country.

In proportion to the reduction of the price of farm products is the purchasing power of the farmer diminished. The inability of the farmer to buy ramifies through every industry and embraces every article of human consumption.

For a hundred years our whole economic development has been adjusted to meet a continuously increasing foreign trade.

On account of the war the productivity of our industries was enlarged to such extent that it has been authoritatively stated we can now turn out as much manufactured products in seven months as we could turn out in twelve months before the war. We cannot now persuade our manufacturers to gear down the machine to pre-war capacity. We must expand and progress. We cannot go backward.

To isolate ourselves and cut off our foreign trade would result in such intensive competition as to precipitate an economic panic in this country the like of which has never been seen.

The reduced purchasing power of the European nations directly affects the foreign demand for our products raw and manufactured. It is said that the buying power of more than 300,000,000 people in Europe is reduced to 25 per cent of what it was before the war.

While our prosperity demands a favorable balance of trade, it is equally true that the maintenance of a large volume of imports by us is as essential to our progress as is the

maintenance of a large volume of exports. The European nations cannot continue to purchase our goods unless we purchase theirs. They cannot purchase our raw materials unless they have credit. They cannot establish credit until there is peace. There can be no peace until the reparation controversy is settled. Until then they will maintain large armies, and until they reduce the armies they cannot balance their budgets. Until they balance their budgets they cannot stabilize their exchange.

The reasons why the reparations are related to American business may be summarized as follows:

1. The world is an economic unit. All the leading commercial and industrial nations must cooperate in the solution of those problems which are international.

2. The reparations is an international problem affecting the peace and the prosperity of every nation. The reparations and the inter-allied debts are inextricably involved and must be settled as one economic problem.

3. The debts owed the United States cannot be paid in gold. We already have too much of the world's supply of gold. They can only be paid in goods. So with the reparations.

4. Inasmuch as the payment of the reparations vitally affects our trade and our finance, the United States should be represented on the Reparations Commission.

5. How can there be any solution of any international problem unless all the nations interested participate?

The responsibility of solving the many international economic questions now confronting the world and the restoration of normal conditions of trade and finances rests not upon the governments but upon the people, upon the business men and bankers of the various nations. Practical men who have spent years of intensive study in the building up of business and financial institutions know best how to restore the world's economic balance. Political leaders must bring about confidence in the stability of the governments of the European nations, but the real work of rehabilitation must be done by the people themselves.

The efficiency of the government of any country depends upon the intelligence and vision of its people.

The reports of the Genoa conference indicate the European economic situation is

critical. It is apparent that the European countries cannot start the machinery to make the world function again, as a going concern, without our cooperation.

Their attempt to settle the economic troubles of Europe at Genoa without our presence is as futile as to try to rearrange or adjust the affairs of an individual bankrupt in the absence of his creditor.

When and where we shall engage in another conference with the European nations and where and on what terms we shall recognize Russia as a nation may be left to the judgment of our President and his Cabinet—to such strong, courageous and patriotic men as Secretaries Hughes, Hoover, and Mellon.

It is the function of such organizations as the Chamber of Commerce of the United States to educate the people of this country to think internationally, so that when Congress may be asked to authorize the participation of the United States in the solution of international problems, the members of our national legislature may act as becomes the representatives of "the richest and most progressive country on earth."

How Europe's Plight Affects Us

By DWIGHT W. MORROW

Of J. P. Morgan & Co.

WHAT relation does the financial rehabilitation of Europe bear to American business? That is the question your president has assigned to me for discussion this morning.

What does "financial rehabilitation" mean? My dictionary tells me that the strict meaning of "rehabilitation" is "restoration to a former status." Now, that doesn't happen very often upon this earth. Few things in life are ever restored to a former status. We may—I think we will—get back some day to a stable Europe, with an orderly financial system, but we have little reason to expect that it will be the same Europe that we knew in 1914. It is not easy to tell what kind of a Europe it is going to be, but I think we have moved far enough away from the war to realize that some of the dire predictions that were made three years ago have not been fulfilled by the events. For instance, we heard a great deal about the permanent abolition of the gold standard. We do not hear so much of that at the present time.

England during the past two years has handled her budget so rigorously that intelligent people are looking forward to a full resumption of specie payments in England within a short time. In both France and Italy the unit of currency has tended to become stabilized. To be sure, the paper franc and the paper lira are selling substantially below the par of exchange, but the fluctuations from day to day and from month to month are not as violent as they were two years ago. Merchants are now better able to estimate what foreign currencies are worth when measured in the currency of their own country. I am speaking only of the countries of Western Europe. The information from Germany, from Middle Europe and from Russia is still too meager to enable students of financial conditions to form definite conclusions.

How will the financial rehabilitation of Europe help America?

I think the answer to this question must largely depend upon how much our commercial depression has been due to the financial chaos in parts of Europe. It is too often considered that all of our troubles are due to the failure of portions of Europe to recover financial equilibrium. But this is by no means true. The depression in the United States and in England has been due in large part to the fact that a great emergency demand for goods in 1919 led to unsound expansion. With the disappearance of the emergency demand the temporary prosperity passed away, and for the past two years the world has been working back through much pain and travail to a readjustment of values.

Two years ago our thoughts were all on the high cost of living. Then the reduction of price came. This reduction helped the consumer, but hurt the producer. Inasmuch as every man is both a producer and a consumer he has to balance off his gain in his capacity as a consumer against his loss in his capacity as a producer, and, as in every economic readjustment, the net loss or net gain has fallen unequally upon different classes.

Under the present organization of society, where large-scale production is the practice in every civilized country in the world, our foreign and our domestic trade are so inextricably bound together that no man can tell how much of the domestic trade that he engages in is a part of the processes which go into our foreign trade.

The most arresting economic fact in the history of the last one hundred and fifty years has been the widening of the areas of exchange by the increased means of a communication. One hundred and fifty years ago the work of any one man would affect only the few people in the neighborhood. Almost everything that man consumed was produced close to his home. With the coming of the railroad and the steamship and the telegraph and the telephone our economic

areas have kept growing wider and wider. Our foodstuffs are no longer produced in the community in which we live; the product of our own labor may go to the remote corners of the world.

As an illustration of the great change that has come in one hundred years we may recall that in the fiscal year ended June 30, 1921, this country exported goods to the value of over six and one-half billions of dollars and imported goods to the value of more than three and one-half billions. One hundred years ago, however, the exports from this country were only about \$70,000,000 and the imports were about \$75,000,000. That is to say, in the last one hundred years, while our population has increased tenfold, our exports have increased ninetyfold and our imports fiftyfold.

This great expansion growing out of the division of labor affects the lives of us all. Increased means of communication and large-scale production have made this wide interchange of goods possible. New machinery, advanced methods and communications have enabled raw materials and manufactured goods to be produced in great quantities and sent far and wide over the earth.

But large-scale production has not eliminated cycles in business activity. Some people think that it has increased the frequency of these cycles. In the old days, when the economic areas were small, when the means of communication were scanty, if a drought came in one section the mortality in that section was almost unbelievable. The rest of the world was practically without knowledge of the misery of the afflicted region. It is hard for us to appreciate that in the fourteenth century two-thirds of the people of England, and one-fourth of all the population of Europe, died of the Black Plague, a disease attributed to undernourishment.

The business cycles—while falling less intensely upon particular regions—are now likely to spread over greater and greater

areas. If a collapse in prices starts in Japan in the spring of 1920 it soon spreads over the whole world because of the close interrelations of the great commercial nations. As a matter of fact, it is amazing that what we regard as overproduction does not come oftener than it does. Most of the processes of large-scale production extend over long periods. It is therefore necessary for every business man to determine, not the needs of a particular customer into whose face he can look, as was the custom with the individual dealer who made goods to order one hundred years ago, but he must guess from the best data available just what customers and how many will come along at the time his goods are ready for delivery.

The man who is making goods, whether they be shoes, or textiles, or steel products, must make the best estimate he can of the demand for his goods. That estimate influences his plans for plant extension; it determines the volume of his inventories. Some of these estimates are made by careful study. But all human beings are fallible and men are prone in times of optimism and rising prices to overestimate the period during which the demand will last. And in times of pessimism and depression they fear that the ordinary consumption of goods will never begin again. Moreover, when a great upheaval like the World War occurs, the plans of all people are rendered useless.

What lesson can we learn from it all? The great majority of the people of this earth are sober, industrious people, eager to do

their part in life in return for what life gives them. They are not gamblers, they are not speculators, they want to eliminate as much as they can the element of speculation from their business. If the real facts of large-scale production can be thoroughly understood it will be readily recognized that there are inherent risks that no human foresight can entirely eliminate. Those risks, however, can be rendered less burdensome if men will only accept the teachings of past experience.

The overproduction of goods of any particular kind, the maladjustment of production and prices brought about by the war and by the boom that followed it, will pass away by the operation of the same natural forces that have operated in such periods in the past. It is the business of sober and reasonable men to remember that in times of optimism men are inclined to think that a period of depression will never come, and in times of depression men of inexperience are inclined to think that there never again will be an adequate demand for goods. In good times, when there is 5 per cent more demand than supply, that 5 per cent is apt to look like 500 per cent. The same thing is true of bad times. When there is 5 per cent more supply than demand, that oversupply is apt to look like 500 per cent. With courage, with patience, with tolerance, this great country with its manifold activities should soon pass through its period of depression. In fact, the signs are many that we are already upon the upturn.

are of a kind to inspire confidence, the necessary aid in the form of extensive long-term credits will be limited.

It is especially to the United States, the country possessing the greatest financial strength, that would-be borrowers abroad are looking today. It is realized that in no other land can be found capital resources in the volume required for the task of setting the European financial and economic house in order, and the attitude in the United States has been mainly one of watchful waiting, although loans of considerable amounts have already been made in countries where it is believed that the political or moral risk is good.

Protecting American Interests

THE administration has taken the stand that American financial assistance should not be extended for purposes which are inimical to the welfare of the United States. To this end the Government has requested that any financial institution contemplating the granting of a loan to a foreign country first consult the State Department in order to make certain that the purpose for which the loan is to be issued will be in harmony with what the Department considers the best interests of the nation as a whole. The position of the Government is that these loans should be for purposes of rehabilitation or industrial development, rather than political or militaristic activities, or for balancing budgets.

Where the proceeds are spent is irrelevant to these objects. It is not necessary to our economic prosperity to stipulate invariably that the proceeds of foreign loans be expended in the United States. It has been the custom in the past, however, a custom which will undoubtedly be adhered to in the future, that so far as is feasible, American industrial interests are favored when the loan negotiated is treated as a unit with a contract calling for the construction or improvement of public works.

As a nation we shall be benefited greatly by the economic rehabilitation of the recent belligerents and from the establishment of modern means of industrial development in the "new" countries of the world, for it is good business to lend to a rapidly growing economic unit. It is, therefore, manifestly an unwise and short-sighted policy to frustrate these ends by forcing the borrowing nation to buy in the American market when there may be offered the possibilities, for the moment, of cheaper foreign markets. Furthermore, if American producers can compete as to price with other producers they will get their fair share of business; while if they are not in a position to compete on this basis, a restriction requiring the expenditure of the loan proceeds here would, in fact, be requiring the borrowers to buy in a more expensive market.

The floating of foreign loans in this country, even if the proceeds are used for other purposes than to buy manufactured products, should benefit American manufacturers ultimately because such transactions tend to improve foreign exchanges, the discount on which, in relation to disparity of relative price levels here and abroad, has been an important factor in restricting foreign purchases of our products.

It is probable that the exports of a lending country, in the long run, are increased no more by the compulsory expenditure of the loan proceeds in the lending country than they are when the borrowers are free to buy in the cheapest market. With such a restriction, the transfer of the borrowed funds within the lending country in payment for goods

What May We Expect?

By FRANCIS H. SISSON

Vice-President, Guaranty Trust Co., New York

WE ARE awakening to the vital fact that any comprehensive consideration of the American business situation involves a review of world-wide conditions. But in deference to our deeply ingrained habit of thought, it is advisable in examining the trend of the business world to begin with a brief scrutiny of business in the United States.

Broadly speaking, there has been a decided trend toward slow but steady improvement for several months, and despite the continuance of certain adverse factors, the business outlook is decidedly more promising than at the beginning of the year.

It may be well to reiterate, for the sake of emphasis, that this country is ready to proceed gradually toward general prosperity. But let us remember, in this connection, that despite the fact that the United States is nearer to economic independence than any other country, we cannot enjoy the full measure of prosperity until the situation abroad is vastly more favorable on the whole than it is today. Notwithstanding that our foreign trade may be only one-tenth of our total trade, it is, or should be, patent to every keen-minded American business man that our national economy is intimately related to the remainder of the world.

Despite the bad political outlook in Europe, the economic situation there is improving. Considering the colossal disruption of economic conditions in Europe as a result of the war, the progress made there during the last three years is nothing short of amazing. And, in our impatience to return to normal business conditions, we should not fail to accord due credit to that and not demand a miracle. Let us not forget the

long period required by us to recover fully from the blighting effects of our Civil War.

The economic rehabilitation of Europe can be accelerated. The key to the accomplishment lies in the solution of the credit problem. The most casual review of the recent financial record of the European nations discloses the fact that they have suffered every variety of disaster adverse to the preservation of their credit. These disasters have included enormous capital depreciation, unparalleled increase in funded debts and of promises to pay, represented by currencies no longer supported by reserves of gold or silver, impairment of industries through the destruction of plants, losses by war of trained personnel in industry and commerce, and very heavy reductions in the volume of both domestic and foreign trade. The benumbing effect of this credit situation upon commerce in Europe is felt today throughout the entire world.

All the numerous credit plans advanced have been largely checked in their development by the political and credit obstacles which lie in the path of any action on the scale required by the necessities of the situation. Every scheme which is presented implies a very heavy draught upon the confidence of investors in the character of the political purposes and practices of the borrowing countries.

It is recognized that in all those distressed nations there are laborious and thrifty populations, and that all the necessary organization for active production and trade is available. All of these, however, are to a large extent at the mercy of political influences, and until the world sees that these influences

purchased entails no necessary effect upon the dollar value of the currency of the borrowing country; whereas, if the borrowed funds are exported, either as gold or through the medium of purchasing foreign bills, dollar exchange will tend to be cheapened in terms of whatever currency is purchased. This, in turn, will enhance the purchasing power of our potential foreign customers. Relief to foreign purchasers resulting from this cause is likely to be a greater stimulus to our export trade than is represented by the compulsory spending in this country of the proceeds of specific loans. And the beneficial effects are more widely felt.

It is significant that American business enterprise, as well as American money, is beginning to invade the European industrial field on an increasing scale. Only a few days ago there was announced the closing of a deal by American banking and public utility representatives for the purchase of extensive interests in Northern Italy, to cite only one recent instance of such activity. It was reported that the investment in question would involve between \$25,000,000 and \$50,000,000. Negotiations are pending for extensive investments in Europe by other

American interests, and the next few months will probably witness a considerable expansion of this character.

It has been hoped—seemingly in vain—that the Genoa Conference would find ways to reestablish confidence in the political stability of the participating nations and strengthen the belief that those economies in government and reforms in finance that are absolutely essential to the rehabilitation of the national credit would be carried out. With the growth of faith in such renewed stability there will follow a gradual extension of the financial aid which for the last three years has been so rigorously restricted.

It would seem advisable to have the Federal Reserve System represented in any general conference of representatives of central and state banks of issue for the consideration of means of restricting paper currency issues.

The representation of the United States by competent bankers and economists at a conference in Europe to provide for the mobilization and distribution of international credits would likewise be desirable.

The United States would share in the benefits, commercial and industrial, resulting

from a restoration of an effective gold standard abroad. But revaluation of some foreign currencies formerly on a gold basis seems to be the only alternative to complete repudiation.

An international currency will not provide a means of overcoming existing exchange difficulties. The fundamental factors in exchange stabilization are economic. In the last analysis, therefore, permanent stability of a currency's exchange value will be reached by way of restriction of currency and balancing of budgets, resting in turn upon the ability of particular governments to raise sufficient revenue. Capital levies do not really solve the problem. It is the share of current national income, not of accumulated capital, that the state can require which counts. No permanent substitute can be found for productivity and thrift.

Whether willingly or unwillingly, we must grant liberal extensions of time in the payment of the bulk of debts due the United States Government by foreign governments, or continue to forego receipts. Fortunately, what must be will also be advantageous to ourselves as well as to the debtors.

Europe, the Farmers' Market

By JAMES R. HOWARD

President, American Farm Bureau Federation

THE FARMER has a greater direct interest in European conditions at this time than has the merchant or the manufacturer or the banker. They all have other trade fields to which they can turn. The farmer has none other. Europe is the sole customer for our agricultural surpluses, the disposition of which is vital to every American industry. While she is the farmer's customer, she is the manufacturer's competitor. South America, India, Africa, Australia, which are open to the industrial trade of the United States, are the competitors of the American farmer in the European markets.

A shrewd business firm is always interested in the welfare of its customers. The fewer the customers the more solicitous the management. Since the farmer has but the one customer, it becomes exceedingly important that our trade relationships with Europe be maintained upon such a reciprocal basis as will enable us to keep open our European markets. So keenly do the farmers of the country realize not only our moral obligations to Europe in time of their distress but our own economic dependence upon their welfare that we insist upon such liberal grant of credit as can be safely accorded them and object to any tariff barriers which would prevent an easy flow of world commodities.

The war, in fact, has reversed our whole aspect of agricultural economics. The middle of the nineteenth century marked the beginning of our great national expansion of both agriculture and industry. Machinery made it possible for one man on the farm to accomplish the work of ten. It not only required factories to build the machinery, but increased agricultural production created raw materials for other factories of every sort and description.

Thus was begun our great era of agricultural and industrial development, and with it necessarily came new lines of transportation for the conveyance of the products of

farm and factory to their consumers in all parts of the world. These new enterprises required capital, and since we were a young nation it was necessary to go to the older centers of Europe for this capital. We thus became a debtor nation and were compelled to pay to Europe interest and dividends on a large portion of the funds which went into the financing of our great industries and lines of transportation.

Exporting Less Food

THE nation early adopted a policy of agricultural development, promoted through sale of public lands and the homestead act. Agricultural settlements extended rapidly into new areas and production multiplied. While we were getting on our feet as an industrial nation, we purchased many manufactured articles from other countries and paid not only for these manufactured articles but the interest on our indebtedness with our agricultural exports. In recent years these exports, particularly when compared to our total population, have been falling off, due to increased domestic demand. We are still, however, exporting more than one-half our total cotton, almost one-fourth our wheat, as well as vast quantities of other cereals and pork products.

There is no limit to the agricultural possibilities of America and we ought always to produce a food surplus. Our national safety, in fact, depends upon it. But if we produce a surplus, we must have for that surplus not only a market but a profitable market. It is because that market lies almost exclusively in Europe that the American farmer has so vital an interest in the reconstruction of Europe. So long as we were the debtor nation we could depend upon our creditors doing exactly what all other creditors throughout the world do, namely, taking such interest in affairs of the debtor as would enable the debtor to make prompt payment of the obliga-

tion. Europe was glad to furnish us a market prior to the war because it was her selfish interest to do so. Our prosperity insured her interest collections and opened avenues for new investments.

Now that she is a debtor, it is but natural that she will not be so interested in furnishing us a market for our goods as she will be in finding an advantageous market for her own products and the protection of her trade balances. Naturally, also, Europe will seek the cheapest possible markets in which to buy food products. This means that the American farmer, under high wage conditions and with a soil in many sections of the country demanding artificial fertilization, must meet competition of the virgin soils of South America and Australia and crops grown by coolie labor. This is made more serious because we have virtually closed our doors to European immigration, and those countries are relieving their congestion by sending their surplus populations to agricultural competing nations. Thus Argentina, Australia and western Canada can be depended upon for an increased agricultural production because of their influx of labor from Europe. This also means that the American farmer will have a keener competition in the world's market.

Not only must this competition be met, but sooner or later Russia's experiment in sovietism will end and her reconstruction begin. That reconstruction will be agricultural. It is authoritatively stated that the various negotiations for loans to the Russians by the allies have been contingent upon the rehabilitation of her agriculture ahead of her other industries, in order that England might have cheaper cereals at home and enjoy the industrial market abroad.

Let us see how large the farmer's stake is in foreign commerce. In 1920 the whole value of all domestic exports for the year was \$8,080,000,000. Of this total amount \$4,122,000,000 were agricultural commodities either in raw state or semi-finished form.



This was \$82,000,000 more than one-half the entire amount of exported products.

It is interesting to know that for that year there was exported \$1,538,000,000 of cotton, \$1,780,000,000 of breadstuffs, \$481,000,000 of animals and animals products, \$289,000,000 of tobacco, the four commodities constituting more than 82 per cent of the total.

Lower prices and continued demoralized world conditions were responsible for a material decrease in exports for the year 1921, when the total of all domestic exports dropped to \$4,379,000,000. Of this amount \$2,838,000,000 represented agricultural production. Thus in the time of low agricultural prices, agricultural products represented \$649,000,000 more than one-half the entire nation's export trade or 65 per cent of the total.

I have referred to the necessity of our always producing a sufficiency of food and clothing for domestic needs. It would be difficult for the agriculture of the nation to readjust itself to rely on domestic consumption exclusively. Over a long period the transition might be made. As the situation now is, the farmer's prosperity is directly dependent upon foreign markets. It is easy to say that the ratio of exportable surplus to domestic consumption is small, but that does not render it insignificant to the cotton and wheat farmers. If their markets are glutted, as would be true were it not for foreign trade, their purchasing power would be crippled and our whole industrial machinery out of gear.

How Foreign Trade Grows

THERE seem to be four well-defined steps in the growth of a nation's foreign trade.

In the pioneer stage of development of a nation it is natural to expect valuable goods and services flowing into the country to exceed those flowing out. Imports of commodities must exceed exports. Moneys must be had for investments and loans, and the outgo for transportation services, banking, marine, and similar things exceeds the income for the same services. It is well so. Only thus could railroads and industries be adequately built. Business men in other countries pour in their accumulated wealth in prospect of future payment.

In the second stage exports exceed imports. The investments and loans made by foreigners in the earlier days call for heavy dividend and interest payments. Some of the principal is repaid. Travel in foreign parts increases. Remittances are made by successful immigrants to their home land. Wealth pours out faster than it comes in.

In the third period the nation, growing strong and big and rich and comparatively well developed, begins to invest in and loan to pioneer countries. Just as it received from abroad much of the capital for its early development, so now it sends its wealth to build the industries of other nations. Exports of valuable goods and services continue to exceed imports.

In the fourth period the tide turns and imports exceed exports as dividends and interest

due the home country help swell the total.

The United States was in the second stage preceding the Great War. Ordinarily the transition into the third period would have taken years and by a process of slow evolution through many more years the fourth stage would finally have been reached. The United States is now confronted with the prospective necessity of taking the final step where imports exceed exports largely as a result of the government loans owed this country which amounted to about \$10,000,000,000.

This ten billion seems an enormous sum, but yet it is relatively small. If we could receive from Europe a little less than \$100 per capita of goods and distribute those goods equitably amongst all the families in America, it would eliminate the debt and both Europe and ourselves would be better off. And surely there are but few families in the land but would be glad for these benefits if they could be thus distributed.

It is urged by many that the loans at least be postponed for many years and that the payment of the interest likewise be postponed. If the Government should do this and if investors and lenders begin to place their funds in foreign enterprises, this country can settle down in the third stage where exports exceed imports and have a long time in which to adjust itself to the coming of the day when imports must be received in greater abundance than exports. The successful farmer sells more than he buys, and the same rule will apply to the business of the nation. Hence, the longer we can forestall the fourth period the better for us all.

I think it will be fairly clear from what I have already stated that the agricultural interests of the country will not be best served by tariff walls so high as to become artificial barriers to freest possible exchange of commodities. It is only as Europe can sell to us that they will be able to absorb our agricultural surpluses. The tariff should be no longer considered a political football with that element which can talk loudest and longest before congressional committees securing the touchdowns. The time has come when it should be considered a highly technical and economic science and have an administration sufficiently flexible to meet

rapidly changing conditions of production, distribution and conversion costs.

If we must accept more goods from Europe than we sell to them it does not mean that the world's balance of trade necessarily be against us. Our merchants and manufacturers should give their undivided attention to the development of new markets. South American trade, if properly fostered and developed, possesses great opportunity. Even Japan and China are capable of absorbing immense amounts of the products of our factories. While we commiserate the distress of Russia we forget our next door neighbor Mexico, which is in need not only of moral and financial aid from us but can also use tremendous amounts of our industrial and agricultural products.

Three Important Aids

THERE are three things which, if accomplished in Europe, would assist greatly American agriculture, viz., the balancing of European budgets, the final settling of German reparations and the stabilization of exchange. The three are somewhat inter-related. A nation is like an individual—it cannot continue to spend more than it collects indefinitely. Bankruptcy would inevitably come. This Europe has done and has kept out of bankruptcy, as yet, through the issuance of currency not based on stable values. This has been largely responsible for the drop in the price of foreign exchange. It is clear that American agriculture, which disposes of so many surpluses abroad, is able to sell its products for a higher price as the price of exchange goes higher and becomes more certain. Our interest lies in having exchange go back to par and stay there.

Three steps are essential in securing this stabilization of exchange:

First, the drafts must be redeemable in some commodity of fairly stable value, preferably gold.

Second, the imports and exports of the various countries must reasonably balance each other, for only in this way can drafts continue to be redeemable in gold.

Third, each country must be at work producing goods for sale and to use in making purchases of other countries, for only in this way can exports and imports hope reasonably to balance each other. These three points tie into each other, but the most important of the three is the last, namely, production.

So nicely are those human relationships which we call economics adjusted that every human affair throughout the world affects every one of us, just as every particle of matter in the universe affects every other particle. Thus the reparations adjustments of Germany are reflected in every farmstead of America. The farmer's interest in foreign finance and foreign exchange is as great and possibly greater than that of any banking or exporting house. The improvement in farm prices is to a marked degree coincident with an improvement in foreign exchange as indicated by easier exchange rates. For

example, take May wheat in the Chicago pit December 7, which was low point for that period at 1.09½ compared with May 1 at 1.41½, the improvement was 29 per cent. Between those same dates sterling advanced 9 per cent, the French franc 23 per cent, and the Italian lire 26 per cent.

Thus the agricultural gloom of December dispelled by the smiles of May is directly reflected in the mirror of international exchange.

I have indicated that the interest of the United States and of American agriculture lies in the reestablishment of the gold basis by foreign countries. This cannot be accomplished by draining those countries of their gold as was done in 1921, during which period net gold imports into the United States exceeded three-fourths of a billion dollars. There is now much more gold in

the United States than is necessary to maintain our own banking institutions, as evidenced by the fact that the gold ratio in the Federal Reserve System is about 76 per cent of the deposits and notes, which is approximately double the legal requirement. This reestablishment of the gold basis in Europe is only a means to an end. Money is but a vehicle of trade, and exchange rates are but the indicators of underlying economic conditions.

The greatest fundamental need is to have exports and imports of goods and services between nations more nearly in balance. This in turn can be accomplished only by resumption of business activities, in countries now disorganized, in order that they may have more goods to sell and with which to make purchases of our products.

Production is not only the antithesis of bankruptcy—it is the cure for it. It is the

only means by which we progress in material affairs or advance in our standards of living. Half our own domestic trouble lies in lack of production. If the merchant, the miner, the manufacturer, the railroad man (and I am not singling out either capital or labor) had produced as fully during the past two years as the farmer, we would not have become economically unbalanced. As a nation we need to learn that idleness is more fatal physically, socially and morally than is overwork. I can conceive of no better solvent for the present world distress than work—and Europe can only be rehabilitated through the medium of well-directed productive energy. It is a part of our obligation to furnish her the opportunity, through production effort, to solve her own economic difficulties.

To Put Our Fleet to Work

By ALBERT D. LASKER

Chairman of the United States Shipping Board

THREE compelling reasons today, which were non-existent before the World War, have put upon America the necessity of an immediate decision as to a policy that will encompass its future on the seas.

The first of these is that, having entered into a naval agreement under the 5-5-3 program, America must have a merchant marine comparable to that of Great Britain if she is to have an equal naval power with Great Britain. As Secretary Denby has said, if all the naval ships in the world were scrapped, Great Britain, through her preponderant merchant marine, would be more supreme on the sea than she could ever hope to be otherwise.

Certain types of merchant ships are as essential to the operation of a Navy in times of war as the capital ships of the Navy itself. In these types America is sadly deficient compared to Great Britain, at a ratio of almost five to one in favor of the latter. And there can be no thought or hope of the United States keeping a naval parity with Great Britain unless we create merchant marine power to equalize this difference.

The second reason that has created a new situation in connection with our need of a merchant marine is that before the war America was a debtor nation, and those who controlled the vehicles of transportation on the sea were largely our creditors and would send to us for the goods and raw materials wherewith we should pay what we owed them. Today, no longer a debtor nation but a creditor nation, through expanded plant capacity and through need of increasing our export business, that we may make use of the vast gold reserves that have accumulated, we come into competition with the nations that control the sea carriage for those markets of the world that are still to be developed. And it is to be supposed that in that competition we will not find at all times that prompt and ready service that is the very life of foreign commerce if we are to rely on our competitors for it.

The third reason is that, through the need of the late war, America has come into possession of a great fleet, the vastest the world ever knew, some approximately 1,500 ships of 10,000,000 gross tons, built at a cost of over \$3,000,000,000. These ships are being operated by the Government on essential

trade routes at an annual loss of \$50,000,000. The problem that confronts us is the disposal and liquidation of this fleet and the retirement of the Government from shipping operations.

It was these three problems that led President Harding—than whom no living American has a more inspired vision of a renewed America on the seas—to go before the Congress with a proposal for legislation, the hearings of which are just ending before the joint committees of the Senate and House.

In the last decade, America has changed from a self-contained and self-sufficient nation (the type of nation that can largely do without a merchant marine) to one that now must look across the waters for many of its needs.

Going Abroad for Supplies

WE must obtain manganese for our steel mills from Russia and South America; our automobile tire industry must obtain crude rubber from Brazil; our tinplate manufacturers must import their tin from the Malay Straits and from Bolivia; our silk factories must get their raw product from China and Japan; our manufacturers of twines, canvas, linens and laces must get their flax from Russia and Belgium. We must also import large quantities of coconut oil and other vegetable oils from the Dutch East Indies and from Pacific Isles; coffee from Brazil, tea from China, India, Japan and Java; cocoa from Venezuela; sugar from Cuba; rice from the Far East; spices from the East Indies; platinum from Colombia; vanadium from Peru; and asphalt from Venezuela.

If we are to keep our industries going, we must make sure of a steady flow of these materials which we need and will have, and must insure prompt and continuous delivery of manufactured wares and raw materials which we wish to give in exchange for that which we buy. If we have to rely on the ships of other nations who are our competitors for the trade of the newer countries, it is as if a department store relied on one of its competitors for its deliveries.

The conference in Washington, which came to such happy, fruitful results in connection with the Far East, should ultimately lay the ground for trade expansion and trade rela-

tions in the Far East. In South America, in the Far East, in the newer countries of Europe and Russia, lies the trade that must be developed to keep the manufacturing countries of the world going. Foremost among these manufacturing countries is America, and in the struggle for the trade of these countries we will now come in competition with the old-established maritime nations of the world.

The second problem, with which all of you are familiar in a general way, encompasses the Government's ownership of 10,000,000 tons of ships. Of its 1,500 steel ships, the Government has 1,100 tied up. Four hundred of the Government's ships are today covering practically every trade route in the world. But American shipping is being killed in the burning.

The Shipping Board is operating under a law which contemplated that the Government would operate the ships until trade routes were established and private ownership would take it over. But the very carrying out of the law defeats its own purpose. Private owners wither and die under the competition of government operation of ships; and even were the Government able to successfully establish these routes, there would be, by and large, few successful operators who could take them over, because they would have been killed under the blighting competition of the unending funds the Treasury belches forth to back the enterprise. Who of you gentlemen of the United States Chamber of Commerce could successfully run your business against unlimited government competition, paid for out of taxation on our entire people? If we are to have government operation we must go one step further and have a government monopoly.

My experience as chairman of the Shipping Board has taught me, as I never realized before, that government ownership and operation of ships is as poison ivy in the garden of industry. Neither are we winning through government operation of ships the very potential customers that the law provides we should try to build up, but the operation of the ships themselves is overly expensive because private initiative and inspiration are lacking.

Do not understand from this that I do not beseech each of you, in your own interest,

to give every preference to Shipping Board ships. No matter what the operations may have been in the past, I stand here to affirm and declare—yes, and to boast—that the Shipping Board today is sailing its ships as promptly as any ships in the world; that the Shipping Board today is making settlements with shippers as promptly as any shipping concern in the world; that the Shipping Board's operations today, under the present Shipping Board, is comparable to the best operations of any shipping concern in the world. And you are standing in your own light if you don't throw your cargoes to your own ships.

Will Lose More If—

TRUE, your Treasury is losing money in the operation of these ships, but it will lose more money if you don't patronize them. But it is further true that nowhere else will you get a better operation than you get on these ships, and every one of these ships flying your flag is insuring day by day the establishment of lines that will be continuous, either under the government or private ownership, which in turn insures open markets of the world to you and for your wares, so that at no time will you be throttled through the very proper selfishness of competing countries.

The difficulties under which we operate are due to our higher standards of living; and who among you would have them different? But, with higher cost of building, with higher cost of wages aboard the ships, with higher cost of operations on shore, with generations of established businesses of competing countries to meet, no private enterprise can step in the breach and sustain the losses while we are getting the volume that in turn will equalize us with the rest of the world.

And so your President has proposed to the Congress the enactment of a series of aids that will put American shippers on the same basis with Great Britain, whose costs are next highest to ours; feeling that if we put ourselves on a parity with Britain, the ingenuity of America will conquer all other obstacles.

The bill proposes direct aids to ships in the form of a cash subsidy, which, it is estimated, if we should ultimately develop 7,500,000 gross tons that will carry half of the overseas trade of America, will cost the national Treasury approximately \$30,000,000. Should we ever reach that point, the losses of \$50,000,000 per annum in the operation of the Shipping Board would long before have ended, because the Shipping Board would have been out of business and a vaster amount of our ships will be on the seas than ever was there before.

So that the subsidy proposed, if earned, means that in exchange therefor we end the vast losses of the Shipping Board, thereby reducing the burden on our Treasury, and in turn have a much larger merchant marine plying the seas than we have now. It means in turn, too, that hundreds of millions of dollars of freight money that go abroad will

remain at home, to the national enrichment. It means that the volume of the business done by the American farmer, miner and manufacturer will be increased because American ships will be plying to foreign countries, not only for the purpose of carrying the immediate trade but for the purpose of expanding the markets of American citizens.

In addition, the bill proposes certain indirect aids, the chief one of which that will interest your association being the one that permits a deduction from federal taxes equal to 5 per cent of the moneys paid in freights. It should not be necessary to stimulate a desire among American manufacturers to favor American ships, because in favoring American ships you are favoring your own selfish interests.

But the world has not progressed far enough, alas, as yet, that men can unselfishly see their direct interests in many things that should directly interest them. We all see the things that are closest to us; and some of the things that are closest to us are relatively unimportant to the things further away that we cannot see. Many of you are struggling with problems in your factories and banks that are not nearly as important to you as the insurance of an established American merchant marine. And, to bridge this very elementary human weakness of not seeing the things further away, the Government proposes, for this reason, to pay 5 per cent of freights as indicated, in an allowance for taxes to shippers who route by American ships, thereby insuring to American ships fuller cargoes, which is the very essence of successful operation.

Another indirect aid proposed is designed to meet the fact that the Government's fleet of 10,000,000 tons is sadly unbalanced. We have too many cargo ships; we have too few passenger and combination passenger-and-cargo ships, which latter class are the very backbone of peace-time commerce, being the necessary faster service for trade development and the very ships needed of the cruiser and raider type for war.

The Government will build no more ships. Only through inspired and aided private ownership can we hope, as we do hope, to see ships built that will balance our fleet.

The bill before Congress proposes a loan fund of \$125,000,000 at 2 per cent minimum interest to aid those who would build this type of ship. Without the passage of the proposed bill and this feature, the art of ship-building in America will wither and die; and if we deny ourselves possession of this art in time of peace, the late war shows the penalty that we will pay if we thereby permit this art to be lost for war-time needs.

The bill proposes that the desirable tonnage owned by the Shipping Board be disposed of at world market prices to American buyers, so that to the extent that the board can furnish ships, there be no capital charge differential inuring against American owners. This benefit will only be derived by those desirous of possessing certain types of cargo ships, for in many of the desirable types of

cargo ships the board's fleet is sadly deficient.

It is proposed in the pending legislation that 50 per cent of all immigrant traffic come aboard American-flag ships. This feature alone, if it be enacted into law, will insure a volume of business in the North Atlantic that should give us a large growth in our third-class passenger ships.

It is contemplated that the President will declare the Philippines coastwise, thus giving American-flag ships exclusively the benefit of the commerce between the shores of our large Pacific possession and our home land. When Hawaii and Porto Rico were declared coastwise, a great cry was made by those selfishly interested that a blight would be put on the trade of those two countries, but history has proved that the volume of business in Porto Rico and Hawaii has grown in almost magical proportions under coastwise inclusion.

The bill—to my mind, very rightly—proposes that when proper facilities exist, the President may end the army and navy transport, contracting for our military transportation with privately owned ships, thus insuring a merchant marine trained for war expansion in time of emergency.

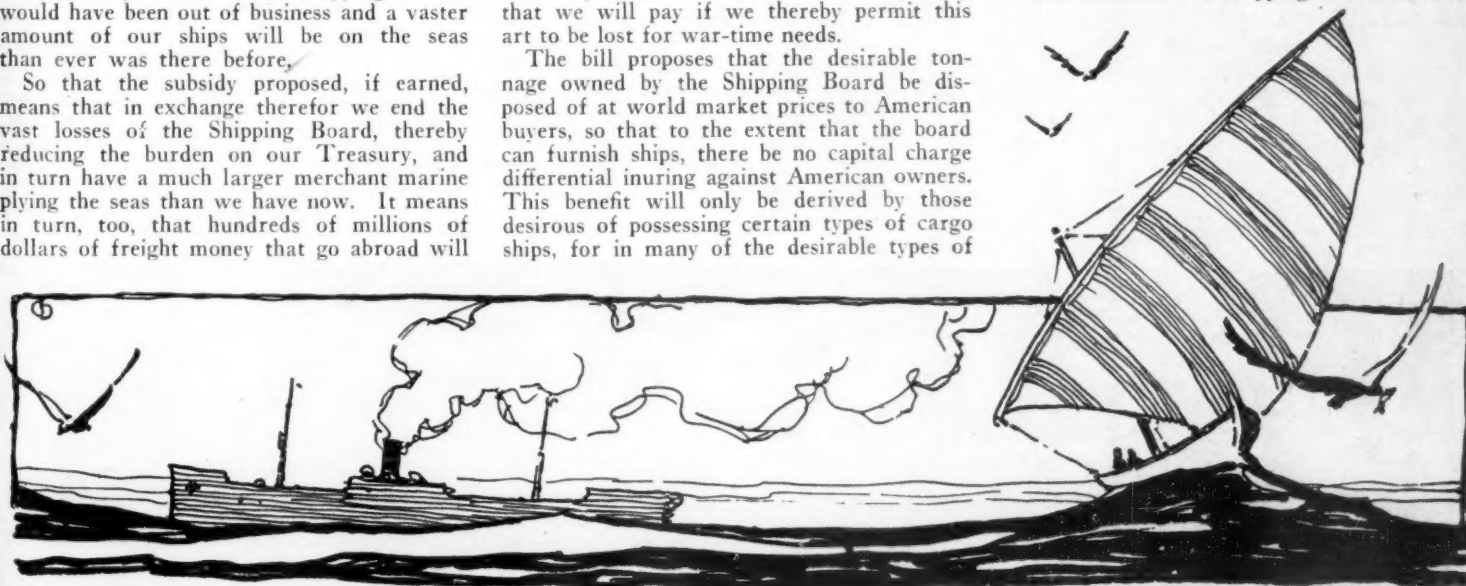
Looking forward to closer coordination between rail and water transportation—a very basic essential toward the expansion of our trade—the bill proposes a scheme for bringing nearer together, on subjects of mutual interest, the Interstate Commerce Commission and the Shipping Board.

The subsidy to be paid our ships is computed on a differential based on a combination of speed, tonnage and distance covered, thereby encouraging the building of a fleet that shall be balanced for peace and war-time purposes alike. The basic subsidy provides that every vessel of the United States entitled to direct aid shall receive a sum equal to one-half a cent per gross ton for each 100 miles covered, and increases with each knot, until at 23 knots and over the ship shall receive 2.1 cents per gross ton. In the discretion of the Shipping Board, where essential lines are needed and the subsidy proposed in the bill is not sufficient, a subsidy up to double the amount provided for in the law may be allowed.

Into the subsidy fund are to be paid such tonnage dues as are collected, which are to be doubled.

No ships getting the subsidy are to be paid for carrying the mails; the compensation that they would receive will go to the Shipping Board.

The fund for the Shipping Board is to be



derived by reserving 10 per cent of the moneys collected in duties as a revolving fund.

A limitation of profits is proposed by the Government which, while on the one hand forbidding profiteering, on the other hand insures that there shall be no diminution in the inspiration of initiative and the consequent facilitation of raising the necessary capital. This is accomplished by a proviso that after a ship has earned 10 per cent on its capital, half of the earnings shall be returned to the merchant marine fund until the full amount of the subsidy shall have been repaid. After that, the ship keeps all the excess earnings.

The Joint Committee of the Senate and House which has just finished several weeks of hearings as to the proposals suggested by President Harding and will, within the

next two weeks, have drafted their final bill for submission to the Congress that will include the suggestions of the Government, together with such amendments and omissions as the committee may deem wise to make.

In this Congress there will be decided whether or no America's war needs and America's peace needs will be met through American potency on the sea. This Congress will decide whether or no there shall be a liquidation of the vast fleet the Government holds; or whether government operation, with all its incompetence, shall continue. No more crying question is before the American people. It demands immediate solution; and in the bill before Congress President Harding and those under him feel they are offering the country a solution.

ent low interest rates will be very conducive to financing by even the small operators in the purchase of ships from the board on the basis of 25 per cent down and the balance over a period of years. It is of vital importance to place American ship operators and owners on their own feet and let them handle the ships themselves, also for the American taxpayer to be freed from the certain losses which are now being suffered by the Shipping Board. By means of the subsidy they are going to cut these losses at least in half and at once create a greater degree of effort on the part of the ship operators to put themselves in a position to compete with all the world.

The payment of the subsidy will mean that the American taxpayer will have about half as much money to pay after the bill has been passed as is now the case. There is, therefore, a very definite and tangible saving to him. There is a value created by this means for the three to four million tons of efficient type ships of the Shipping Board which should bring in to the Government a large sum of money in actual realization from the sale of these ships. Not only is the payment of this subsidy under the proposed bill a necessity to enable the maintenance of the merchant marine; but it is a good business proposition because it creates a demand for American ships to be paid for by American steamship companies.

Labor Will Benefit

ONE of the great object lessons of this bill which I think has not been emphasized sufficiently is that the principal benefits from the subsidy itself are to give American labor higher wages which are going to be offset by the means of this payment. The balance of the amount of the subsidy is figured to take care of the increased capital cost of ships built under the American flag, which are already in the fleets of shipowners and which mean a higher cost of operation because the vessels have to be insured and depreciated on a higher value than the foreign ships.

American ship operating costs are about \$1,200 per month or \$15,000 per year higher on an average size American ship than the British operating cost with British seamen. The Japanese cost is somewhat lower than the British and the German cost is lower even than any of them due to the present rate of exchange. I heard of a German ship recently that was operating between Hamburg and South America where the total cost of the crew per month, including the officers, was \$900.

I am a great believer in competition. Competition means the life of trade—means the life of a nation. It is an underlying factor in all growth and development and without

A Subsidy—Good Business

By FRANK C. MUNSON

President Munson Steamship Line

WE ARE now going through an industrial depression and the greatest single aid to our recovery from that depression will be the creation of a larger market for American grain, cotton and other farm products and a wider market for our manufactured goods. The surest way to get these wider markets is to have the farmer, American business man and manufacturer, with the cooperation of steamship companies, work together to sell American goods in competition with foreign merchants and steamship lines. A merchant marine for the United States is a far more vital necessity than ever before.

Let us take a look at the greatest ship-owning and maritime nation of the world—Great Britain. It is not exaggerating to say that England today owes to her merchant marine her present position as being the greatest commercial nation and the greatest power in the world.

For the last thirty years most of our exports from this country were carried in English steamers, and every ship that carried American goods to foreign markets sent copies of its manifests to its head office, and its home office used the information about what products were being exported by the United States to build up British competition with our American industries. That information which has been secured by British merchants for all these years has been a very great benefit to England, and in lesser degree also to Norway, Denmark and Sweden. If these same products had been carried in American flag ships no information would have ever

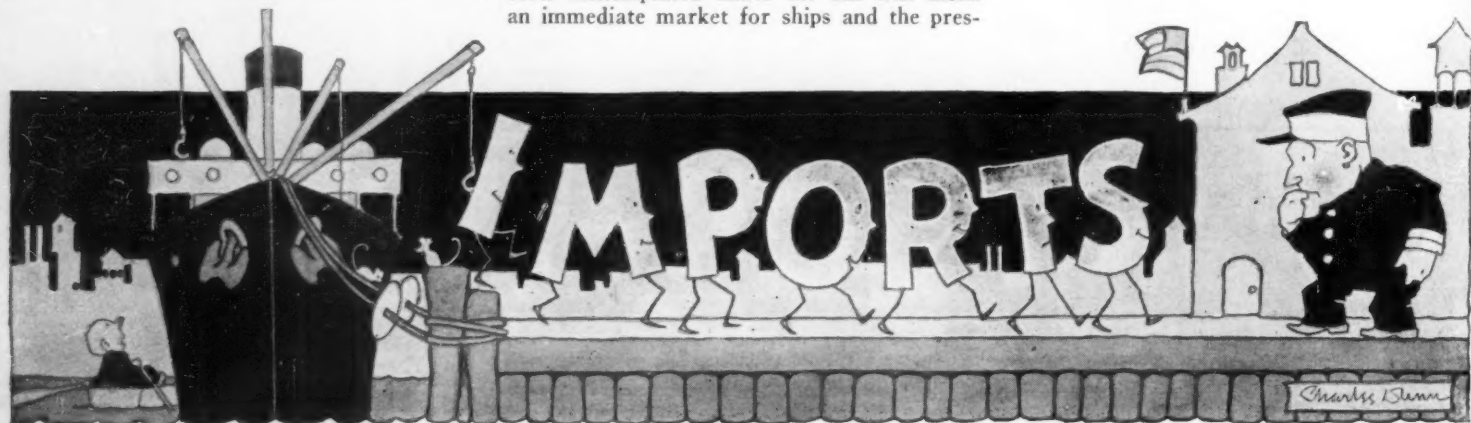
passed on to our great competing nations as to the principal commodities we were selling to foreign consumers, and American producers would have been much better protected in their business.

The great parallel of what England has done and is doing is manifest in that England is constructing or actually has finished over 600,000 gross tons of Diesel motor ships, whereas this country has so far only something like 5,000 gross registered tons of Diesel motor ships. We must not let our foreign competitor get another lead like she had before, as the effects will be disastrous. The lower cost of operation of the Diesel ship gives a great advantage to the nation adopting it first.

The war brought to us the urgent need for ships and we built in two years more ships than any nation had ever built before. About half of these ships constructed during the war are good ships and can be utilized when the demand comes in commerce, provided there is an equalization of costs, of wages and other handicaps enabling us to compete with foreign ships. We must keep our ships on the seas; and life and prosperity depend upon it.

It is fundamentally important, as outlined in the Jones Bill of 1920, that private initiative, ownership and operation of ships should be stimulated by every means possible. That means that the Shipping Board should get out of owning ships as rapidly as it can. We shipping men feel this can be done within two years of the time the new bill is passed.

The equalization of our higher operating costs contemplated under the bill will mean an immediate market for ships and the pres-



it any race is bound to go backward. There is plenty of competition in the steamship trade throughout the world to make it definitely assured that all American shippers will be given the best available rates by American ships. There never can be any monopoly created in American shipping and the producer and manufacturer is assured of what he needs on a parity of rates by all American ships.

We are on the eve of great developments. We stand today a nation looked up to and respected as one of the most powerful in all the world. Financially we are undoubtedly the most powerful and we should use our moneys, our gold accumulated through the years of the war, for trade expansion for the benefit of all countries of the world, but in that benefit which we are going to give them by loaning money, we should stipulate

that American products and American manufacturers should be given the preference by all those countries to whom we loan our American money. These two things should go hand in hand, and American initiative, American integrity, American brains will carry us on to a greater future than any of us here today can dream of; to a greater influence on humanity, on civilization, on the advance of the high ideals which American manhood and womanhood stand for, and in these great trade routes, created and served by these wonderful ships, which are the shuttles that carry the peoples and the commerce of the world to and fro, we have a vehicle really developing, which must carry on through all the years to come as one of the great and most vital forces of our national progress.

As the Shipbuilder Sees It

By J. L. ACKERSON

Vice-President, Merchant Shipbuilding Company

WORLD shipping depends upon international trade, which in turn is dependent upon the desire to exchange international products, the ability to finance this exchange of products, and the time necessary to insure the accomplishment of these two items.

The desire to exchange products, of course, exists. The necessity for this interchange of products also exists, not only on account of normal trade conditions but also due to the fact that foreign countries are of necessity under the obligation of exporting goods in order to pay their respective debts.

Probably the only two countries that are in a position to finance this interchange of products are the United States and Great Britain. At the present moment the financial interests of Great Britain appear willing to loan money for this purpose. In the United States, at the present moment, there does not appear to be that same willingness. Just how long it will be before this unwillingness can be overcome is uncertain. But probably the time necessary to crystallize public opinion, to effect the necessary loans, and following that to establish manufacturing on a post-war, normal basis in the European countries, will be not less than three to five years.

Following this line of reasoning, it would appear to me that the world shipping will not return to what may be termed its "Past War Normal Proportions" until this period of time, varying from three to five years, shall have elapsed.

From the time this revival begins, an increased demand for ships will manifest itself. Whether new ships will be built or not as a result of this demand will depend upon two things: First, the tonnage necessary to carry out the increasing international trade; second, the tonnage actually existing at the time.

In viewing this, it should be remembered that on the whole there is no greater tonnage of vessels available today than would be available today had the World War not taken place. Also, many of the ships now included in the world tonnage are old and obsolete. There have been few replacements of the better types of ships. The war tonnage, as a whole, cannot be regarded as a suitable and adequate increment of the merchant marine.

During the past eight years, comparatively few passenger vessels or combined cargo and passenger vessels, or even high-grade cargo

liners, have been added to the world tonnage. The international trade revival that will unquestionably take place in the next three to five years will create a demand for vessels suitable for special trades, and also for passenger and combination passenger and cargo vessels.

These vessels when built will undoubtedly be built in accordance with the advances in engineering that have taken place in the past few years. Notable among these advances is the Diesel engine.

It would appear that, when the demand for additional tonnage does manifest itself, the new tonnage required will at least be equal to the annual pre-war construction, possibly even greater.

Although it can be shown with reasonable clearness that there will be a demand for additional world tonnage, it does not necessarily follow that there will be a demand for American tonnage. American shipbuilding, of course, depends upon American shipping. An increase in American flag shipping depends upon, first, an increase in foreign trade shipping, second, upon the ability of American flag vessels to compete in this foreign trade, and third, upon an increase in coastwise trade shipping. Relatively speaking, there have been, and probably will be, very few ships built in the United States for operation under foreign flags.

Although an increase in international shipping is certain, the question remains whether American operators can operate American flag vessels in competition in these trades with foreign flag vessels. Several of the larger operating companies are now seriously making this experiment.

The success will probably depend, to a great extent, upon pending legislation. With favorable legislation it is probable that the results will be satisfactory, in which case there will undoubtedly be a decided demand for: (a) passenger vessels, (b) combination liners, (c) special cargo liners, all for operation in foreign trade under the American flag.

These vessels of necessity will be built in the United States.

The coastwise trade has heretofore furnished the greater part of the merchant work that has been performed in American yards. This trade is increasing. Much of the trade that heretofore has been carried by rail is now being carried by water. Many of the ships in these and other lines active in the

domestic trade are old and obsolete. Undoubtedly there will be replacements in the respective types in the next few years. Many replacements are actually now in contemplation.

Competition in these trades will bring about a demand for more economical operation. This will be accomplished probably by obtaining new and special types of vessels and by the conversion of existing unemployed ships. Already there is much activity on the part of ship operators looking toward the building of new ships and the conversion of some of the more suitable of the Shipping Board ships.

Diesel ships deserve special consideration. Although there is no question regarding the exceptional economy to be obtained in the operation of these ships, American operators have been slow to adopt them. The economy of operation is so startling that, in my opinion, the change from the present accented type of machinery to Diesel machinery will make a change in shipping in the next decade which will be not unlike the change from sail to steam.

This change in the ships in future to be built will, in my opinion, extend not only to cargo vessels but progressively will extend to passenger ships, first with the low-powered, twin-screw passenger ships and quite probably later to the larger powered ships.

The results of the *William Penn*, which showed a saving of approximately \$53,000 in one trip around the world, will inspire a number of operators to demand the same economy.

A Hopeful Outlook

IT seems to me that the following conclusions are clear:

1. It will take from three to five years to stabilize international finances and to insure the establishment abroad of credits necessary to enable foreign industries to place themselves in a position to export large volumes of goods.

2. During this period international trade will increase until at the end of, say five years, it will attain to what may then be termed its "normal."

3. That during this period there will be an increasing demand for ships. That this demand will cause to be culled from the present stock of unemployed ships those that are most suitable, and will then cause the building of new ships of the most suitable type, representing the advances in shipbuilding made during the past several years.

4. That this increase in international trade will bring about the desire on the part of American operators who engage in this trade.

5. That this desire on the part of the American operators will, if suitable shipping legislation is enacted, cause them to place contracts in American yards for new and special types of ships for operation in foreign trade under the American flag. That this demand for shipbuilding will be augmented by the demand on the part of American operators for special ships to be used in the coastwise and domestic trade. A part of this demand will be met by the conversion of existing American tonnage where practicable, but a part of it, however, will of necessity be provided by new ships, to be built in American yards. An increasingly greater ratio of these ships will be equipped with Diesel engines of an approved type.

6. A small demand will exist for naval auxiliaries.

The prospects of American shipbuilding in the immediate future are not bright. When viewed, however, over a longer period, say, of three to five years, they appear brighter than in any normal period since the Civil War.

Story of the National Chamber

By JOSEPH H. DEFREES

Retiring President of the Chamber of Commerce of the United States

IN ITS work of promoting the commercial interests of this country in consonance with the public interest the Chamber of Commerce of the United States has never been accused of looking backward or sighing for those "good old times," never to return, when things were done otherwise. But today we are passing a milestone, the completion of the first decade of existence, and a brief retrospect not only of what the Chamber has done but also of the ideals it has stood for—the place it has sought and the place it has made for itself—will be both excusable and encouraging for the future.

For it was ten years ago, in April, 1912, that some six hundred business men gathered together at the nation's capital on the call of President Taft and his Secretary of Commerce, Charles Nagel. In a period of gestation of only forty-eight hours, but with considerable labor and travail, as those who were there then and are here now will testify, birth was given to the Chamber of Commerce of the United States.

It was a puny infant but came of good blood. Its first Board of Directors were its nurses, and it is due solely to their indomitable will, their unyielding courage and their splendid vision that it pulled through its years of childhood. Under the leadership of the first president, Harry A. Wheeler, this board of business men agreed to forget their business caution and conservative rules and immediately announced a plan involving a budget of \$100,000, agreeing among themselves to see that it was raised. Year after year they pursued a like courageous course of financing with the aid and generosity of business men like-visioned from all parts of the country until at the end of five years they awoke to the fruition of their plans and found an organization securely financed upon a solid basis of membership and annual dues.

The Debt to the Pioneers

ISAY to you men who belong to the Chamber of the present day, men who like myself were not in at the beginning and shared not the heavy responsibility of those early days—who are connected with a going concern and not the building of a going concern—that you and I owe a debt of gratitude to these first boards of directors and officers to which it is scarcely possible to give full recognition. The best that we can do, and this we will do, is to pledge ourselves to the maintenance of the structure they have reared and to the carrying out of those purposes and ideals which led them to give so generously of their time, thought and courage to make a reality of what was then but a vision.

Those purposes were written down, made matters of by-law, prescription and public announcement. The structure was formed to encourage the domestic and foreign business of the country, to promote cooperation among industrial and commercial bodies, uniformity of business usages and laws, and proper consideration and concentration of opinion upon questions affecting the financial, industrial, commercial and civic interests of the country as a whole. How the purposes have been carried out is a mere matter of record as simple as making up a balance sheet with the stated purposes as debits and the accomplishments as credits. Its great

research and information services, the work of its many committees, its reports, resolutions and thirty-nine referenda, its completed accomplishments such as those connected with the National Budget System, the Tariff Commission, the Federal Reserve System, the expansion of the Department of Commerce, war financing and organization of industry in war, the Railway Transportation Act, the organization of the International Chamber of Commerce, among others, testify to the record on the credit side.

The ideals and adherence to them are not so easy of ascertainment, for they existed in the minds and consciences of those who laid the cornerstone and foundations of the Chamber rather than in written speech or report. Through very long association with these men, both inside and outside this work, I may be as well qualified as any to construe these ideals out of their acts and utterances. At any rate, I will try it, for certainly these unwritten laws and precedents are equally important with, and in my humble judgment more important than, the written laws and precedents.

As first among these ideals I would place the purpose to create and maintain a completely representative and democratic national organization of American business. No section or part of the country was to have a predominant weight; business was not to be measured by size or class; small business should have its voice with big business, the retailer with the manufacturer, transportation with the shipper, the raw producer with the wholesaler, the banker with the insurance man. This has given rise to discussion and question, a feeling on the part of one class that it was entitled to a louder voice in the decision of some questions than all other classes of business put together, but the standard has been maintained.

As second I would place the purpose to deal openly and honestly with the Government at all times and under all conditions and without the slightest intrusion of political bias. This has meant a considerable departure from precedent and practices of older organizations, the adoption of new and untried methods with criticism from those trained in the old school and believing these new methods impractical and academic. It has also involved patience in awaiting results, but in the long run these methods have justified themselves beyond question, and the maintenance of this ideal is the basis of all the influence which the National Chamber now possesses. I cannot at the end of my term of office fail to caution those who succeed that this structure of mutual confidence and frankness can all be destroyed by one false step undertaken in the zeal to accomplish something deemed of extraordinary importance to American business but involving the use of class partisan methods (which should always be discredited by the public) or of secret processes which will not bear publication to the light of day.

Third, I would place that open recognition of the fact that business, important factor that it is in the economic welfare of the whole people, is not the only nor yet entitled to be the controlling factor. It is, as our first president so aptly described it, one leg of the economic tripod, the other two

legs being agriculture and labor. No one of these factors should attempt to benefit itself to the prejudice of the others or of the public. No organization of any one of them should try to usurp the functions of Congress as representative of the whole people. The ideal of those who laid the foundation of the Chamber was not to create a third house, to overawe the Government, to resort to political reprisals, but to place before Congress and the executive for their decision, after weighing the other interests involved, the opinions and desires of American business. This ideal has led to the slogan that "What is not for the public good is not for the good of business," and this recognizes the obvious fact that business alone cannot be the final judge of what is for the public good.

As the fourth and last I would enter on the list breadth of vision, conservative though for the future as contrasted with the negative policy of opposition to change. No one thing is more vital to the continued life and usefulness of a business organization, and yet to accomplish it means to overcome the natural and inherent conservatism of business which views change with foreboding. An organization cannot endure solely as an institution of opposition and at the same time wield influence with the Government which renews itself every two and four years with the new thought and aspirations of the people. Too many business men and industrial managers are progressive in action as well as in thought to continue to support and maintain an organization standing for the mere continuance of things as they are. Change is the order of life in all directions, and business cannot expect to be exempt alone from the order.

What Ten Years Has Taught

THE experience of ten years of the Chamber of Commerce of the United States proves beyond peradventure of a doubt that American business men, while naturally conservative, have the vision and the courage and confidence to follow constructive leadership into the land of things that may be. There has always been, there always will be, however, a strong element backing water, failing to keep in stroke, retarding the progress of the boat. The continued realization that progress is essential, that in all life you either go forward or go back, that there is no such thing as standing still and maintaining conditions as they are, will mean that the Chamber will go forward in strength and influence as it has in the past.

Such a course of working for the future will necessarily involve the making of some mistakes. All conditions cannot be foreseen even by the wisest of heads in council, but far better to make such mistakes and answer for them frankly than, in fear of them, to surrender business leadership and leave the framing of future laws or precedents to be determined and fixed by those who, however well intentioned, are unfamiliar with conditions fundamental to the business success upon which the prosperity of all other elements and the country as a whole rests. "Where there is no vision the people perish."

To complete even this brief and superficial review of ten years of the United States Chamber it may be desirable to present to



© Underwood & Underwood

During the annual convention the corner stone of the new National Chamber building was laid. The picture shows President Defrees with the trowel. Addresses were made by Secretary Hoover, Charles Nagel, who was Secretary

of Commerce when the Chamber was established, and Harry A. Wheeler, the Chamber's first president. The new building will occupy the site of the old Daniel Webster home across Lafayette Square from the White House.

you some figures of material growth of your institution.

Picture to yourself the situation at the close of the organization meeting in April, 1912: A Board of Directors chosen to select a president, perfect and administer a skeleton set of by-laws, provide for staffing and financing a national federation of commercial organizations to function for them all. Immediately a one-room office in the Evans Building was set up with one man—Mr. Skinner—in charge and one stenographer, who is still with the Chamber. Sixty-five chambers immediately adhered. In August the permanent staff was set up with a general secretary, Mr. Goodwin, and assistant secretary, Mr. Skinner, an editor, and four clerks and stenographers occupying four rooms in the Riggs Building, one of which was a board room. By the end of the year 1912 the membership had grown to 235 organizations, the revenue of the year amounted to \$33,960.51, and the staff had increased to 18.

From the end of 1912 down to the beginning of the business depression in 1920 the expansion of the National Chamber in activity, resources and personnel has been nothing short of phenomenal, illustrative not only of the extent of the vacuum to be filled but also of the patriotism and feeling of common interest in the national problems of American business. Its annual income, though now about three quarters of a million, has never been sufficient to permit it to carry on that full measure of business research and activity which it should perform and some day will perform. Its National Headquarters now

occupy the equivalent of six floors of the Mills Building, where are housed about 160 of its total payroll which fluctuates between 270 and 280. Its Board of Directors numbers 46. It is drawn from all parts of the country and meets six times a year with intermediate meetings of an Executive Committee as called for. It maintains branch offices in New York, Chicago, St. Louis and San Francisco. Its service by bulletin, letter and word of mouth reaches to over 1,400 commercial and trade associations situated in every state, territory and dependency and American chambers in foreign countries and to over 14,000 firms, corporations and individuals composing its association and individual membership. Its magazine, *The Nation's Business*, has a circulation in excess of 75,000.

The severity of the business depression had first the effect of retarding the Chamber's growth and later of impairing to some extent the number of its membership and its revenues, but both are already beginning to register the effect of better conditions, and we may look forward with confidence to the near future for that further expansion which is necessary to filling the field of its usefulness and service.

You are all now aware that during this meeting we are to lay the cornerstone of that building which, splendidly located and handsomely planned not only for the work to be performed in it but also to fit in to its environment, has been made possible by the national spirit and generosity of our business men and their institutions. The land has

long since been purchased, the buildings thereon recently torn down, and we are proceeding with the contracts for excavation and foundations. Again the business depression has interfered to retard the completion of the building fund but with what is already on hand and what has been promised, we shall be able to build as much of the building as is necessary for the board and the force at headquarters to occupy and to provide a small meeting hall and some committee rooms. We should be made able to complete now the entire building.

The more that is paid in or subscribed within the next sixty days the greater the accommodation we can make for meeting halls, conferences and committee meetings of our member organizations, for which there is great need.

That conditions are better and a revival of business confidence is at hand is apparent. I believe that during the next sixty days sufficient additional funds will be paid in or subscribed fully to meet this need. If the importance of the project to American business is recognized but little, if any, will remain to complete the building fund.

I talk confidently of the future because I share in the general confidence that business conditions are on the mend. But it would not be fair to you or to my own reputation as a man of some judgment not to call attention to the clouds threatening even our peace and our prosperity which have gathered and are still gathering in other parts of the world. The Washington Conference on Limitation of Armament under the splendid

leadership of our President and Secretary of State, taken together with the subsequent ratifications of the treaties resulting therefrom by the Senate, has done much to clear the Far Eastern horizon and could have done more had there been assurance of peace and stability in China. But when we look eastward to the center of modern civilizations in Europe, to the markets of half our export trade, it is only the hopelessly ignorant or the incurable optimist that can work out any immediate assurance of comfort or stability.

Have conditions then failed to improve since the close of the greatest war in history now three and a half years ago? I would hate to think that. I would not go so far as to aver it. What I must aver is that there has not been sufficient improvement to justify optimism as to the future—to create a feeling of stability as to conditions abroad or as to the effect of those conditions upon this country. Hunger and its kinsman, bolshevism, still stalk menacingly across the stage, wars and rumors of wars are yet in progress, boundaries are not fixed, governments are not secure, finances are in turmoil. Peoples live in dread of each other and of the future. Those things that we fought for and that our boys crossed the sea to

defend on foreign soils, 60,000 losing their lives and many more thousands maimed and impaired, the defeat of militarism and the safety of our own and other free governments have not yet been attained.

How and when we shall aid, we who are most powerful to aid in restoring stability in Europe in our own interest as well as in theirs, are, I assert, the greatest and most immediate problems before American business today. That is why these problems, "European Conditions and Their Effect on American Business," have been made the keynote for this annual meeting. It would have been easier and more agreeable to many to discuss purely domestic business problems. We shall be told that the foreign commerce of the United States is but 8 to 10 per cent of the total. Washington's farewell address will again be chanted in our ears as if we were still a puny, struggling nation and rail, steamer, telegraph, cable and radio had not been invented and played their part in the interim of over a century. But so long as it was our earnest belief that European instability was the greatest menace to American business, American stability, and American prosperity, we have only fulfilled our duty in placing it before you.

Lemon, Vice-president, discussed the program for the Eighth Annual Meeting of the N. A. C. O. S. which will be held October 23-25, in Chicago.

There were favorable comments also upon the work of the Placement Committee as reported by Harvey T. Hill, Chairman. The address of the evening was delivered by Sherman Rogers, Industrial Editor of the *Outlook*, who held the undivided attention of his audience with a forceful talk on the labor problem, which he made graphic by telling fascinating tales from his own experience.

A "Hoover Luncheon" was held on Thursday, the last day of the Convention, the attendance at which probably was the high-water mark for secretarial functions of this and past conventions of the National Chamber. Every table in the Crystal Room of the New Ebbitt was occupied during the luncheon and some had difficulty in finding accommodations. The message which Secretary Hoover brought to the members of the N. A. C. O. S. met with instant response. Mr. Hoover told of the efforts of the Department of Commerce for the elimination of waste in industry and of the economies resulting from the adoption of uniform standards. He told, for example, of the reduction of varieties of brass bedsteads and the savings which resulted in the brass bed and mattress industries. Upon the conclusion of his address, Mr. Hoover received a rising vote of appreciation from the secretaries and every evidence of their ready desire to contribute their share of cooperation in the Commerce Department's program.

Special meetings of the N. A. C. O. S. officers were held at the Washington Hotel from time to time, including the Board of Directors, the Placement, Program and Finance Committees, the Board of Managers of the National School for Secretaries, and the Committee on Cooperation with the National Chamber. Secretary John E. Northway, of the N. A. C. O. S., was kept busy every moment in making provision for these meetings.

Commerce Secretaries Busy

CHAMBER OF COMMERCE secretaries were much in evidence at the sessions of the Annual Convention and they participated actively in all general and group meetings. There were two occasions arranged exclusively for members of the National Association of Commercial Organization Secretaries and their friends which were very well attended. Headquarters for the N. A. C. O. S. were established in a special room on the mezzanine floor of the Hotel Washington, where members registered for the various meetings.

On the evening of the first day of the Con-

vention a special "Town Meeting" dinner was held at the New Ebbitt Hotel with more than 400 persons present. The meeting, which was a very enthusiastic one, was called to order by F. D. E. Babcock, President of the N. A. C. O. S. After referring briefly to important accomplishments during the past year, Mr. Babcock called upon three officers of the Association for reports. Robert B. Beach, Chairman of the Board of Managers of the National School for Commercial Organization Secretaries, told of the interesting plans being worked out for the 1922 session at Northwestern University, and G. Wray

An Interpreter for World Trade

By A. C. BEDFORD

*Vice-President for the United States of the International Chamber of Commerce;
Chairman of the Board, Standard Oil Company of New Jersey*

A FACT which emerged into vital pre-eminence upon the conclusion of peace was that the United States had become the great creditor nation of the world, and that our trade relations with other peoples were hereafter to assume a prominence never before experienced. This involved a reexamination of our international trade relationships, and made it essential that we should depend not alone upon treaties of peace, but that we should establish personal contacts with the representative business men of other countries, with a view to laying a foundation of understanding which should make our enlarged trade relationships a source of benefit not alone to ourselves, but to all the world.

As a guide in setting forth upon this new world voyage of ours, we had the invaluable experience of the Chamber of Commerce of the United States. The formation and development of this Chamber had shown that business men might consult and cooperate with a view to making their collective experience and advice of value to their own government, as well as to the public

opinion of the country as a whole. Hence the very natural question arose, why could not this same principle be applied among the business men of the nations, to the end that the collective experience and advice of the business men of the world might be placed at the service of the governments of the world, as well as at the disposal of the public opinion of all the peoples.

Such are the events that led to the formation of the International Chamber of Commerce.

In addition to reforms directly intended to improve the currency and exchange situations, such other problems as export credits, the obstacles to import and export credits, protection of industrial property, fair treatment of foreign banks and of foreigners as to taxation, technical aid to industrial organizations, and the subject of improving transportation and communication facilities generally have been studied by the International Chamber, both in open meetings and in detail by committees of experts on the various subjects. Such reforms as could be accomplished by its own offices or through appeal to public

opinion have been prosecuted with gratifying results. Those which required action on the part of governments have been submitted to the governments concerned in the form of concrete requests for such necessary action.

Realizing the vital necessity for these reforms the governments concerned included all the foregoing measures of economy in the agenda for the conference at Genoa. Acknowledgment of the preliminary work of the International Chamber of Commerce on these subjects was made by the leaders of the nations participating.

The French Government in preparing for the Conference at Genoa requested the cooperation of the French National Committee of the International Chamber of Commerce in selecting a delegation; twenty-two men recommended by that body are on the French delegation today.

Italy, upon whose efforts in compiling the preliminary data the success of the conference in its relation to technical matters depended to a great measure, turned to her National Committee and received invaluable assistance on the subjects in question.

Today, despite all the disappointment at failure to effect major results, the sponsors of the Genoa Conference can point to real accomplishments. While the political leaders have been busy with the discussion of national policies and the bickerings and disagreements resultant therefrom, the solid value of the Conference has been developed, remote from the limelight, by the various commissions appointed to study special topics.

Four such commissions were appointed at Genoa. One, which may be eliminated from the economic point of view, had to do with the political phases of the conference. That is the one that has mainly failed, thus reflecting the wisdom of our President and Secretary of State in refusing to be represented there. The other three, Finance, Commerce and Transport, are those from which the business men of the world expect greatest results, despite the fact that they do not receive publicity.

Finance has been under the able leadership of Sir Robert Horne, Chancellor of the Exchequer, the great British financier who took such an active interest and part in the first annual meeting of the International Chamber of Commerce. Recommendations for the stabilization of exchanges through balancing of budgets, etc., emanated from this commission, and with them have come others urging a financial conference to coordinate a credit policy among central banks to avoid the fluctuations in the purchasing power of gold. That conference is also to attempt a coordination of policy between Europe and the United States of America without which "no scheme for establishing the purchasing power of a monetary unit could be effective."

Paper Currency Problem

ANOTHER useful recommendation from the commission is to the effect that governments of countries having a depreciated and depreciating currency make recognition of that fact by devaluing the standard and no longer keeping up the pretext of the old relation to gold. In that, again, the policy recommended by the International Chamber of Commerce is approved by the conference.

The Commerce Commission at Genoa has been studying the subject of export and import tariffs in relation to international trade. The action of the International Chamber of Commerce, in recommending to the various governments sound policies in these same matters, has, in many cases, already produced salutary results.

Under the activities of the Transport Commission at Genoa, it is of particular interest to note that the question of an equipment Association, proposed by the American delegates to the London meeting of the International Chamber and received with approval at that meeting, has been offered by the commission as the solution to the transportation problem of restoring European trade to its pre-war efficiency.

When one attempts to realize the magnitude of the national debts arising out of the war, and then considers the fact that the present production of the world is able to pay interest only on the pre-war debts, and that, as a matter of fact, no substantial provision has yet been made for liquidating any of the war debts, one cannot fail to realize the fact that the solution of the problem of the world's economic reconstruction has not yet been seriously undertaken.

The International Chamber of Commerce, through its activities and its annual meetings, offers to the nations of the world opportunities for real economic conference—gather-

ings at which the business men of the world can discuss, without hindrance of politics, the solution of just these great problems.

We are sailing in uncharted seas, and new soundings must be made. But I believe we are making headway, and that, as prejudices and animosities recede, we shall be able to deal effectively with these problems with ever-increasing confidence and assurance of success.

In closing I should like to pay my tribute of thanks, as chairman of the American Section of the International Chamber of Commerce, to the officers of the United States Government who have so helpfully and earnestly aided us in our efforts, first, to establish the

International Chamber, and, having established it, in our effort to make its work a success.

None have given us more wholehearted cooperation and assistance than our Secretary of State, Mr. Hughes, and our Secretary of Commerce, Mr. Hoover, and I venture to say that the experience of business men having widespread international relations during the past year or more, has made it clear that in the working out of these difficult questions along sound lines, we may count with unreserved confidence upon the support and intelligent cooperation of those now in charge of the policies of the government of the United States.

Resolutions of the Convention

No. I.—Representation of the United States on Reparations Commission

THE MOST important problems affecting the restoration of international trade are financial in character. The Reparations Commission exerts a greater influence over the solution of these problems than any other single agency in the world.

Under the treaty entered into between the United States and Germany our nation may exercise the right to official representation on the Reparations Commission, which right it has not as yet asserted. The United States Government and many of its citizens have large claims against Germany which are inextricably involved with the whole reparations problem. The decisions of this commission will exert a controlling influence over the development of any plan of international finance looking toward the negotiations of international loans and the greater stability of exchange. Such decisions will also inevitably affect the development of the purchasing power of the principal nations of the world.

Recognizing the handicap under which our Government is now laboring without any au-

thoritative voice in the far-reaching decisions of this important world agency, the Chamber of Commerce of the United States urges that all necessary measures, including the approval of Congress, be speedily taken to procure for the United States official representation on the Reparations Commission.

No. II.—International Court

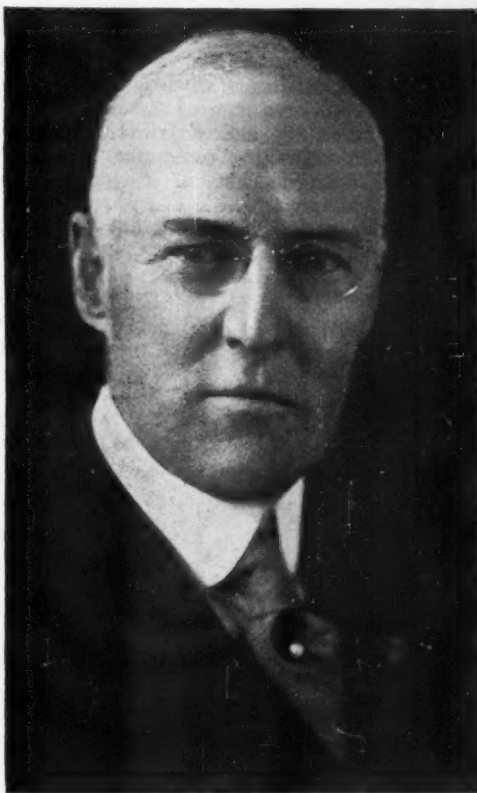
THE United States by tradition and practice stands and always has stood committed to the promotion of international justice through the process of the peaceful solution of controversies rather than through force. Concrete expression was given to this attitude in The Hague Conferences of 1899 and 1907 which were participated in by the delegates of our nation under positive instructions to exert every effort toward the establishment of an international court. Such a court, through the active participation of American statesmen and consistent with the principles laid down by our Government, has now been established and most of the leading nations of the world have recognized and declared their adherence to it. Consistent with the attitude which the United States has always manifested, this Chamber urges that our Government promptly take its place with the other nations of the world in the International Court of Justice.

No. III.—Settlement of War Claims

THE war claims of the Government of the United States and of many of its citizens against the governments of Germany, Austria and Hungary and their nationals, which are large both in number and in the aggregate amounts involved, constitute an important factor in the adjustment of international financial problems. The prompt determination of the principles which shall obtain in the disposal of the private properties sequestered by the respective governments and the orderly and equitable adjustment of these claims will stimulate greater freedom of commerce and the restoration of trade. Sensible of the complexities of these problems and of the efforts being made by our Government to solve them, the Chamber emphasizes the great importance of speedily developing a plan for the disposal of such claims and urges upon Congress that any legislation which may be found necessary or desirable to facilitate their settlement should be promptly enacted.

No. IV.—National Budget

THE enactment of such legislation as the Chamber has advocated for a national budget causes us great gratification. Under this legislation there has already been larger accomplishment than the period which has elapsed and the size of the task seemed to make possible. If the spirit which has now



© Underwood & Underwood

A. C. Bedford

been manifested continues until the budget system is completed, and the Chief Executive utilizes the opportunity afforded each year to submit a comprehensive financial statement to Congress in a manner which will inform the public clearly upon the Government's financial program, the public benefits which the Chamber has sought in advocating budgetary procedure will be secured to the people of the United States.

No. V.—Federal Reserve System

THE banking and currency system has received unremitting attention from the Chamber since its first annual meeting. It is peculiarly appropriate, therefore, that at the Tenth Annual Meeting the Chamber should reaffirm its confidence in the principles of the Federal Reserve System, its firm belief that all of the progress which has been achieved in the seven years of the system's operation should be maintained, and its earnest conviction that no changes should be considered except such as will add further strength and usefulness to the present plan and will continue existing safeguards against partisanship in direction or in service.

No. VI.—Merchant Marine

THE Chamber reiterates its advocacy of an adequate privately owned and privately operated merchant marine under the American Flag as a necessary safeguard for the commercial advancement of the United States. To that end the Chamber repeats its recommendations in favor of the aid from the Government which is essential to the maintenance of such a merchant marine. It accordingly asks that Congress expedite consideration of legislation which has in view the accomplishment of these purposes.

No. VII.—Ocean Bills of Lading

THE Chamber's interest in bills of lading upon which American commerce moves has been continuous since the Chamber's organization. The Chamber had a successful part in advocating federal legislation which deals with rights and liabilities with respect to bills of lading for goods moving in interstate and foreign commerce. Delegates from the United States participated in the first general meeting of the International Chamber of Commerce and were active in securing acceptance of the method of voluntary action among vessel owners and shippers in arriving at a clear codification of the rights and liabilities which should arise upon bills of lading used for ocean shipments. The need of such a codification has been generally recognized, if there is to be escape from confusion caused by multiplicity in forms of ocean bills of lading, with consequent losses sustained by all classes of business interested. This method of voluntary action has now been used in formulation of The Hague Rules, 1921. The Chamber endorses these rules as representing a step in advance and asks Congress to enact legislation for The Hague Rules with such interpretations as may be deemed necessary.

No. VIII.—Transportation Act

THE Transportation Act of 1920 placed in the Interstate Commerce Law enactments which are of high importance, and which were advocated by the Chamber. The Interstate Commerce Act as it now stands should not be amended, and none of its basic provisions should be repealed, until there has been more opportunity for the law to be tested by experience under more normal conditions

than yet exist. Opposition should be continued against proposals for the repeal of such basic provisions of the law as confer upon the Interstate Commerce Commission power to correct intrastate rates that unreasonably discriminate against interstate commerce, and give the commission the guidance of a rule for rate-making intended to secure for the public adequate transportation facilities and services.

No. IX.—National Defense

THE Chamber deprecates any tendency to reduce the authorized personnel of the Army and of the Navy below the strength conservatively requisite for the preservation of the national safety. It believes that adequate military preparedness upon the part of the United States is the best continuing guaranty of permanent peace.

It, therefore, earnestly urges upon Congress to provide a personnel for our Army and Navy, with reserve organizations, of sufficient strength to assure such guaranty.

No. X.—Department of State

THE leadership of our Government in the conference on limitation of armaments and Far Eastern questions, and the great contributions made by the conference toward peace and in the reduction of burdens of taxation, cause us deep gratification. All such achievements are enthusiastically supported by declarations of the Chamber and of its membership in favor of constructive steps by which governments may unite in the establishment of methods for the prevention of war and the maintenance of permanent peace.

These great achievements by the diplomatic branch of our Government are transcendent, yet the business men of our country are most appreciative of the valuable services rendered to them day by day both by the diplomatic and consular branches of the Department of State. For these services adequate support should at all times be given.

No. XI.—Department of Commerce

THE Chamber expresses to the Department of Commerce of the United States its deep appreciation of the splendid services rendered the producers, manufacturers, merchants and business men of the country, not only in collecting and distributing general information respecting commerce, both foreign and domestic, but in cheerfully and promptly complying with every request for information and advice about any particular trade or industry.



No. XII.—Damages by Government Vessels

IN VIEW of the wide extension of government ownership and operation of vessels used for commercial and government purposes, the claim of the right of sovereign governments to be exempt from suit for damages caused to privately owned property gives rise to great hardships which are now imposed upon private individuals. Means for the Government's speedy collection of compensation for damages done to its vessels by private vessels very properly exist. Corresponding means should be provided to allow owners of private property to obtain the compensation which by every principle of justice becomes due to them from the Government. There should be action by our Government not only with regard to its own obligation in these respects but also for the purpose of having other governments adopt similar principles as to damages caused by their vessels.

No. XIII.—Flood Control

THE national importance of preventing disasters from floods has been emphasized by recent conditions in the Mississippi Valley. To this problem great attention has already been given by the National Government and locally. The works constructed under existing congressional legislation have prevented the disaster of this spring from reaching the proportions it otherwise would have assumed. Action under the present Flood Control Act should continue, and at the same time the Federal Government should institute inquiries to ascertain what additional measures should be undertaken to safeguard the largest area in the country now subject to destructive floods.

No. XIV.—Passports and Visas

HIGH fees for passports and the visaing of passports are a burden upon the international travel necessary to commerce. However appropriate in war time, the formalities incident to visas and to police control of passports are now an interference with commerce. Our Government should reduce its fees for passports and visas to a reasonable charge for the service it performs. As promptly as possible, our Government should enter into agreements with foreign governments for reciprocal discontinuance of visa requirements and, when conditions warrant, the complete discontinuance of passport requirements.

No. XV.—National School for Secretaries

THE recognition which the Board of Directors of the Chamber has given to the need for training commercial organization executives in the methods and technique of chamber of commerce administration is heartily approved, and the success of the first national school for commercial secretaries, organized by the Chamber and the National Association of Commercial Organization Secretaries in cooperation with Northwestern University, is a cause for much gratification. The second session of this school is to be held at Northwestern University August 21 to September 2, 1922. The Tenth Annual Meeting of the Chamber repeats the recommendations of the last annual meeting, that the constituent members encourage and make possible the attendance of their secretaries at the national school this summer, both on account of the value of the training to the secretary and because of the benefits his organization will receive.

In the Group Meetings

THE DETAIL work of the convention was carried on at group meetings under the supervision of the different National Chamber departments. We present here a record of these sessions. The limitations of space have forced us to summarize this part of the program.

THE EDITOR.

Our Finance and Europe's

Finance Group

AT THE first of the Finance Group sessions Senator Carter Glass spoke of "The Business Man and the Federal Reserve System."

"Some politicians," said the Senator, "say that there was an unwarranted and cruel system of deflation, particularly in the agricultural districts of the United States. The facts as developed by the Joint Commission of Agricultural Inquiry controvert the impudent claim of those politicians who want the farmer's vote, that agriculture was discriminated against in this exigency. As a matter of fact the figures show that the agricultural interests of the United States were liberally favored during this period. There was not twelve months ago a bank in one of these great agricultural states that had not been permitted to extend its line of credit from 50 to 1,636 per cent beyond its basic line. And if there is any criticism to be made of the Federal Reserve, it should be a criticism with respect to its too generous and liberal treatment, rather than to its restrictive measures."

"Before the Federal Reserve Act was put upon the statute books, not for fifty years had either political party in the country enacted one sentence of statutory law that would enable the farmer to go to a national bank and borrow one dime on his soil, no matter how fertile it might be. By statute, by ruling of the Comptroller's office, and by decisions of the courts, the farmer was sedulously excluded from the bank counter, on his real estate. The Federal Reserve System in one sentence of one provision opened up credits amounting, it is estimated, to \$305,000,000 in mortgages alone for the five-year period following the inauguration of the Federal Reserve System; and that does not take into account the millions upon millions of dollars which may be loaned on short time, the ninety-day credits, or the six-month credits. It is rather accurately estimated that during this late exigency aside from the hundreds of millions loaned to the farmers on ninety-day and six-month paper, \$1,800,000,000 was loaned to them through mediums, through other sources, of the Federal Reserve System, and still we have politicians appealing to the agricultural classes in this country which, prior to the adoption of the system, had practically no approach to the banking system at all—appealing to them to challenge the efficacy of a system that loaned them in excess of \$2,500,000,000 in the time of their need!"

"The Agricultural Credit Situation" was the subject of an address by Congressman Sydney Anderson, who is chairman of the Joint Commission of Agricultural Inquiry. This commission, he explained, had analyzed the movement of credits, currencies, interests and discount rates during the period from the beginning of the Federal Reserve System down to June, 1921.

In presenting some of the conclusions which he personally arrived at as a result of the investigation, he said, in part:

The first step in meeting the agricultural credit situation is the same as should be taken to meet the industrial credit situation and that is, as far as can be soundly done, to make eligible to membership in the Federal Reserve System a larger proportion of the present non-member banks; and, second, to induce the eligible non-member banks to become members.

An essential of any new agricultural credit machinery is the establishment of a bank of discount which will accept for discount agricultural paper having maturity of more than six months. There is also apparently a need for the development of additional machinery to meet the commodity loan requirements of cooperative associations.

W. T. Abbott, vice-president of the Central Trust Co., Chicago, who, until recently, was General Dawes' assistant in the Bureau of the Budget, discussed the "Progress of the National Budget System."

With regard to economies effected, Mr. Abbott made the statement that the reduction accomplished is all from the ordinary expenditures for operation of the routine business of government, generally subject to executive control.

"Of the total estimated expenditures for 1923 of \$3,505,000,000, over \$2,000,000,000 is outside of any control of the Budget Bureau, being either expenditures fixed by Congress not subject to modification by executive control, investment of trust funds, or interest and reduction in principal of the public debt, and other expenses growing out of the war which must necessarily be paid. The proper basis of any percentage comparison, therefore, is not against the total estimated expenses of 1922 of over \$3,900,000,000, but the reduction is really from the ordinary expenses of the routine business of government which, for 1922, as revised in March, was \$1,765,000,000, a percentage of reduction, therefore, of substantially 27 per cent instead of the apparent reduction of only about 12 per cent."

"Redistribution of the World's Gold Supply" was the subject of an address by Harold G. Moulton, professor of economics in the University of Chicago.

Professor Moulton declared that it was useless to expect European reconstruction so long as the present currency situation exists. "The prime need," he said, "is re-establishment of the gold standard. There are two ways to secure it; one is to fix a new value for the mark, franc, kopek, ruble, etc., a value, for instance, of the franc of one-half its pre-war value, but that amounts in effect to partial repudiation."

"The better scheme," he thought, "is to call for a redemption of the outstanding paper currency at some agreed ratio, much as we

redeemed our outstanding Colonial currency at the rate of 100 to 1. When redeemed this would not be reissued. Some currency would be issued that is exchangeable for gold and only as many units in paper as can be redeemed at the option of the holder."

Professor Moulton does not think that for the United States and neutral countries individually to lend gold to other countries would solve the problem, but might make the situation worse, since there would be no unified control. He does not believe that to establish a great international bank with a large gold reserve, as has been proposed, and proceed to issue a new currency for all the countries of Europe, would, as a separate thing, accomplish any good.

"I believe," he said, "that redistribution of the gold supply must be done through uniform action of the central banks of the leading countries. That is the best mechanism that exists for the purpose. Through united action of these banks this gold might be physically redistributed or else pooled for the restoration of sound currency in various countries. The forthcoming meeting of the managers of these banks is full of promise."

"Treatment of Allied Debts to the United States Government" was discussed by Fred I. Kent, vice-president of the Bankers Trust Company of New York.

The Powers of the Treasury

MR. KENT said that if the Treasury Department was authorized to cancel a part of the allied indebtedness, perhaps that portion spent for purely war purposes, it could do so without developing the slightest friction with other nations since it would be in a position to make decisions from which there could be no appeal and it would be a voluntary act on the part of this country. He believed it would be entirely in order for the Secretary of the Treasury in carrying out such operations to do so in cooperation with interested foreign governments along lines aimed to better the general European economic situation.

"Aside from the moral phase of the matter," he said, "in the last analysis the question of whether the inter-allied loans shall be paid in whole or partly canceled is the question of who shall bear the taxation. At first thought it might seem that cancellation of any part would result in transferring the taxation necessary to meet such amount from the European countries affected to the United States. The probabilities, however, are very much against such a development in the net."

"If cancellation," he reasoned, "of, say, 60 per cent of the allied indebtedness should result in an increase of business in the United States that would carry an increase in the average yearly income of the people, our Government would receive a greater return in taxes without increasing the rates of taxation and a larger net income would be left to the people for expenditure and investment. Or, to put it another way: If we should cancel \$6,000,000,000 of the allied indebtedness to us and the income of our people on that account should be so increased as to result in a 10 per cent increase in the receipts from taxes by our Government, on our present taxation, not figuring interest either way, the \$6,000,000,000 would be made up in twenty years and the average net in-

come of the people would be greater than it is now.

"The real question, therefore, from the standpoint of taxation is whether such cancellation would increase the business of the people of the United States."

In an address upon the subject "Important Financial Legislation—With Special Reference to the International Exchange Situation,"

Congressman L. T. McFadden, chairman of the House Committee on Banking and Currency, reviewed the causes for instability in the foreign exchanges, denied the value of proposals for artificial stabilization of the exchanges and discussed the foreign debt-funding measure, agricultural credit situation, the evils of tax-exempt securities and other items of recent or proposed legislation.

The Need for an Export Science

Foreign Commerce Group

CONFIDENCE in the ability of American exporters to compete abroad, even in the face of adverse conditions, was expressed by all of the speakers at the Foreign Commerce Group Session under the chairmanship of Willis H. Booth, vice-president of the Guaranty Trust Company of New York. Such ability to compete, however, must be predicated upon sound business handling of the many export problems confronting American trade and upon the entrusting of our export ventures to organizations and individuals that have had hard practical experience and that are free from the amateurish tendencies which were in evidence in the days of "easy exporting," during and immediately after the war.

Declaring that practically all nations today are seeking a place in the economic sun—except the United States—M. A. Oudin, vice-president of the International General Electric Company of New York, protested against the selfish nationalism which today stands as a definite obstacle to the revival and development of international trade. The world today is one single trade unit and must look to generous cooperation of its traders and governments for prosperity. Calling attention to the value to the United States of an export outlet for its surplus manufactures, Mr. Oudin remarked, however, that an excess of exports over imports is not an unmixed good. The payment of the vast debts owing to the United States must come through increased production by foreign countries and we can look without fear, said Mr. Oudin, upon importation into the United States of such foreign-made merchandise. He urged the buying of the services of an expert in export trade as the first step to be taken by any organization endeavoring to build up a foreign business and he warned against the extension of credit without proper safeguards, remarking that in the past credit in many foreign countries had been extended by American exporters with too little discretion.

We are too apt to look upon German competition as a matter of statistics purely, stated Mr. F. H. Taylor, president of the S. S. White Dental Manufacturing Company of Philadelphia. We are falling short of the mark if we do not also analyze German competition from the "mental and moral" point of view. The Germans, while defeated, are the same as they were before the war—there are fine-grained Germans of the old school, who are still as sound as the dollar, and there are the Germans with whom we used to deal with care and with whom we must now deal with still more care. Mr. Taylor, who recently returned from a visit to Germany, made special point of the German willingness to work and the manner in which increases in German wages have lagged behind increases in actual costs, and particularly behind increases in international prices of German goods. But there is in Germany, he said, a temptation to overlook quality, to sell the goods first and then make material

which will fit the price. Furthermore, capital is drawing away from industry. Industry as a whole is not adequately taxed, a condition which cannot be permanent.

The influence of the German cartels is as strong as ever, and the old characteristics of the German trader are still in evidence. Among these characteristics is the timidity of the German seller to name a final price, preferring to let his competitors make their final bid and then underquote that bid wherever possible. There is an undervaluation, on the part of German merchants, of the importance of goodwill abroad and of the strength of competition.

Mr. Taylor thought that, as a rule, the German sells too low and buys too high. He is still under the handicap of the old German obsession that Germany is the one country which has applied science adequately to industry. The German is keenly out for trade and, with all of his old peculiarities, is a factor with whom reckoning must surely be made. The answer is that American exporters must match not only the German but other European peoples in industry and commercial skill. Competition, rather than being considered a hateful thing, should be looked upon as the training ground for American young men preparing to take over the export problems of the present and the future.

Owing to the illness of Daniel Lindo, secretary of the Hagemeyer Trading Company, New York, his paper upon the "Importance of the Export Commission House in 1922" was read by William H. Douglas, of Arkell and Douglas, New York, N. Y. Mr. Lindo stated that the export commission house is still, and always will be, an important factor in our export and import trade and stands ready to prove its actual value and its potential strength to help calm present disturbed international trade relations. Through the work of the American Exporters and Importers Association the export commission house during the past six to ten years has become better understood. Subsequent to August, 1914, with the large expansion of mercantile enterprises, many undesirables crept into the ranks of the professional exporter as into the ranks of other businesses. With the recession in prices, these quickly constructed and ill-managed organizations disappeared as quickly as they came. The unqualified have been largely eliminated, leaving the well-qualified concerns stronger than ever before.

Surveying the great markets of the future for American staples and specialties, Dr. Julius Klein, Director of the Bureau of Foreign and Domestic Commerce of the United States Department of Commerce, brought into relief the main factors at present affecting our exports and discussed possible future developments which might affect the permanency or direction of our exports:

In superior quality and prompt delivery and even more in the acknowledged reputation for square dealing and honest service lies the secret

of America's ability to carry on in the world markets despite exchange difficulties, low European production costs, unfavorable foreign tariff policies and other supposedly unsurmountable economic barriers, supremacy in foreign trade, as in domestic trade, rests ultimately upon the basis of a superior industrial organization. Back of all our efforts in overseas markets we must have, first of all, the ability to produce more goods of salable quality than our rivals. Our industrial leadership has long been established in a number of important commodities of international commerce, even though that leadership has not been generally appreciated.

Taking the status of the United States, United Kingdom and Germany in the years just before the war, we find that in such basic commodities as coal, pig iron, steel, leather, boots and shoes, and electrical machinery, our annual output was considerably in excess of the combined production of our two great rivals. In cotton manufactures we were rapidly threatening the leadership of England in total production when the war broke out.

England owed her mastery in foreign trade to her superior productive capacity which grew out of her pioneering experiments with the factory system. Similarly our present leadership in the world's trade is based upon our enormously stimulated productive capacity. This explains very largely the fact that our export trade is considerably above that of the last normal pre-war year.

On the subject of the general business outlook and prevailing conditions in Europe, Latin America and the Far East, Dr. Klein said:

The European outlook as a whole is favorable. Basic tendencies founded on the stabilization of finances and currency show considerable improvement. The gradual recovery of sterling which is only 10 per cent below par and strengthening continually, the efforts made by European countries to balance their budgets and their trade items, with the resultant stabilization of exchanges, gives a much better tone to the trade generally. Pressure being brought to bear on Germany, compelling that country to balance her budget and eliminate subsidies to industry, will greatly reduce her former advantage from an underselling standpoint. There has been a distinct upward trend in American exports to Europe during the past two months, although it is too early to prophesy definitely as to the permanency of these increases.

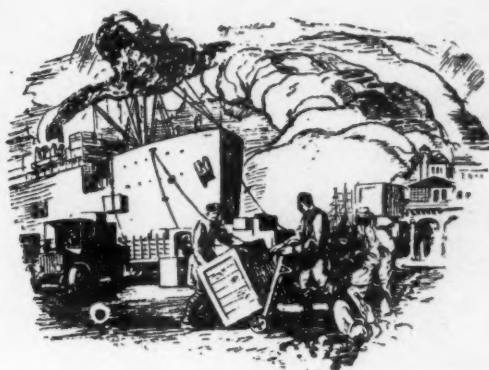
Indications of a slow but steady return to normal characterize the business situation in Latin America. Upward trend of world's wheat prices, continued betterment in the cacao industry, recent sales of nitrates, increased coffee demand, flotation of several important loans, and a steady betterment of sugar prices during the past several months are all distinct economic improvements.

Referring to conditions in some of the countries of the Far East, the Director declared that a decidedly more optimistic tone is in evidence.

Dwight T. Farnham of C. E. Knoeppel and Company, New York, traced the foundation of the tremendous "vertical trusts" in Germany, which are combinations of factories furnishing all the things necessary to the completion of a given product; for example, in the case of automobiles the "vertical trust" would also include foundries, blast furnaces, iron and coal mines, etc.

He spoke also of the development of large federations of manufacturers in England and the introduction of methods of scientific management in other European countries. In conclusion, Mr. Farnham said:

Our problem over here is to keep our industries in operation, to keep our labor continuously employed, to make it possible for all of us to



From the Pacific Coast to Central Europe

How the prompt action of a large National Bank made possible an important transaction by eliminating delays and uncertainties

AN American exporter on the Pacific Coast had received a large order from a certain foreign concern. A profitable transaction was in sight, yet there was lack of assurance as to the buyer's credit and the element of time was important.

The exporter put the matter up to the Irving's Foreign Department. Cable connections were established with the Irving's representative in the foreign capital. The credit standing of the concern was promptly ascertained, and with complete assurance the American exporter closed the deal.

The service of the bank was not only in securing credit information, but also in eliminating the risks of

delay which might have proved fatal to the transaction.

Pre-eminently commercial for over seventy years, the Irving National Bank has built up many highly specialized departments—all designed to make its customer's dollar more powerful by speeding up commercial transactions.

The Irving's special Bill-of-Lading Department is organized to trace railroad shipments, to locate freight cars on arrival at terminals, to eliminate every sort of delay in releasing capital invested in goods in transit.

Quick, accurate service in collections, in transfer of funds, and in securing credit information abroad, is assured through the Irving's correspondents or special representatives in more than 5,000 foreign cities and through direct cable connections with every trade center in the world.

IRVING NATIONAL BANK

NEW YORK



pay our bills and to maintain reasonable earnings from the invested capital of America. The remedy lies in the encouragement of such measures as will drive exchange back to normal and restore the economic balance of Europe; in the progress in the art of international

thought and negotiation, which only knowledge of world facts gathered at first hand can give; and in the firm resolve on the part of every unit in our vast industrial organization, to assume personally the responsibility for the success of our enterprise.

Europe's Transportation

General Transportation Session

ALL TRANSPORTATION GROUPS convened on May 17 to discuss this subject. "Comparative Transportation Conditions, Europe and America," were first sketched by Frederick Delano, engineer, railroad president, banker, and traveler. Mr. Delano sketched briefly the case of American railroads, their fortunes and misfortunes, culminating in the excellent piece of legislation, the Transportation Act of 1920. For the future of the American railroads the field is certain, for "while our population has doubled in the past forty years, our passenger travel has increased sixfold and freight movement tenfold," all of which argues for a very broad future policy in our transportation development.

Highways and waterways come into the picture, and while Mr. Delano does not see much economic merit in waterways generally (because they cannot take the peak load), motor transport is more flexible than the railways and will have a field, especially if the public supports road building. American genius for developing economies and labor-saving devices will tend to overcome the handicap of our higher standard of living in foreign competition.

Turning to Europe, Mr. Delano emphasized the fact that France, in spite of war pressure, did not find it necessary to take over her railroads, but rather commandeered their service and compensated them handsomely after the war. The great difference between European and American railways is that they were built not as a prime necessity (as in America) or to open up and knit together a great continent, but solely as an addition to other means of transportation. British railways were built with little or no government aid and, while taken over during the war were, upon return, compensated for deficiencies in upkeep and rates raised proportionate to the decreased purchasing value of the currency. The only remaining French state railway is to be sold to private operation. Belgium railways are largely state owned.

"European Water Carriers; Their Relative Function in the Transportation Scheme," was presented by Dr. Roy S. MacElwee, Dean of the School of Foreign Service, Georgetown University.

The great inland waterways of Europe are the Rhine system, the Elbe-Spree-Oder system of central Germany, the Danube system, and the Volga-Don and Dnieper systems of the Ukraine, also those of France and Belgium feeding the seaports. In France, Belgium and Germany alone there are 7,433 miles of waterways for commercial navigation. Dr. MacElwee pointed out that water traffic during twenty-five years before the war increased faster than railway traffic. Waterways carried approximately 20 per cent of the total tonnage, a large proportion of which was low-grade freight, the rate spread ranging as much as 60 per cent below rail rates. Standard barges are from 300 to 500 tons but on the Rhine are from 1,000 to 3,000 tons. An interesting fact brought out by Dr. MacElwee is that the port of Duisberg, at the head of the Rhine deep water navigation, had a water traffic of 125,000,000 tons in 1912. At Mannheim, the

transshipment port at the head of the middle Rhine, nearly 6,000,000 tons, by far the largest part of the inbound freight, came up the river by boat and was there transhipped to rail for inland distribution, the total movement in 1911 being over 13,000,000 tons rail and water.

"The Problem of Southeastern Europe, and the Portoroze Conference," presented by Col. Clarence B. Smith, U. S. A., concluded this discussion of the European situation. Colonel Smith was the unofficial representative of the United States, first on the Austrian Section of the Reparations Commission, and later instrumental in the successful outcome of the Portoroze Economic Conference, which produced remarkable results in creating a practical entente between the harassed states forming the "cockpit of Europe"—the Balkans and the states of the Austrian Succession. As a good American he was much impressed with the hodge-podge of jealousies, ambitions and restrictions, and the fact that these states were rapidly drifting into commercial stagnation and chaos. This conference, therefore, is in some degree tinctured with American methods and holds out the hope that its experience may be of value elsewhere in Europe.

Prior to the war, through rail shipments were made possible by agreement between these state railways (except where the gauge was different, as in Russia). Mutual car agreements had been in vogue, i. e., reciprocal relations, as to transit, prepayment of freight, etc. The war disrupted this whole system and added inconceivable difficulties due to inflated and fluctuating currency, tariff walls, political

and language differences, etc., etc. Car hoarding ensued with a complete stoppage of circulation at the borders. To make matters worse, Roumania had commandeered from Hungary after the armistice 30,000 to 40,000 freight cars and locomotives, much of which equipment lay idle on Roumanian sidings. A freight shipment from Prague to Trieste now has to pass two or three national boundaries, with cash prepayment at each, and many shipments in this region undergo four to six customs examinations. Dilapidated conditions of the rolling stock, lack of discipline and shortage of fuel added more obstacles to interstate commerce, with freight rates very much greater than pre-war.

This impossible situation could be illustrated by what would happen if our six New England states should suddenly declare themselves sovereign and independent nations, should seize all the rolling stock within their boundaries, and should Massachusetts, by force of arms, seize a large part of Connecticut's equipment, and in addition should there be different languages, intense national feeling and hatred between neighboring states, and immense economic difficulties of a general kind.

But the Portoroze Conference made a good start toward dissipating this gloomy picture. It wisely avoided legal and technical pitfalls and succeeded in developing a practical method of mobilizing the rolling stock for commercial service. Ultimate disposition of ownership was waived by agreement, in favor of immediate operation, interstate car debts also to be settled by agreement. Car rentals were to reflect existing holdings without prejudice to final allocation. Cars claimed as booty of war, to be provisionally marked and later allocated. Cars taken by the Central Powers and foreign countries pending decision as to ownership, to remain in domestic trade of those countries. Passenger and baggage cars to be provisionally marked and put into circulation, privately owned cars being restored to former owners. And finally, all technical details were left to a committee of experts, repairs to rolling stock to proceed under the conference agreement.

Thus car circulation has become a reality and frontier restrictions minimized; border stations have been opened, and export, import and transit shipments forwarded.

The Hague Rules, 1921

Merchant Marine Group

THE ADOPTION by the annual meeting of a resolution recommending legislation to make effective The Hague Rules, lends added interest to the discussion of the rules had at the merchant marine group which convened at the City Club on the afternoon of the 16th.

The formal addresses upon the subject were made by Charles S. Haight, admiralty lawyer of New York, chairman of the Committee of the International Chamber on Bills of Lading, and F. H. Price of New York, export agent of the Millers' National Federation, supporting the Rules, and by Charles E. Herrick and C. B. Heinemann, both of Chicago, respectively chairman of the Traffic Committee and vice-president of the Institute of American Meat Packers, in opposition to the Rules.

The Hague Rules is a code of regulation designed to promote uniformity in the terms of ocean bills of lading. The code was formulated at a meeting of the International Law Association sitting at The Hague last September, and since then has been widely adopted in England and on the continent and to a considerable extent in the United States.

Mr. Haight, after referring to the chaotic condition of bills of lading in current use, to

their variability and changeableness and to the necessity of a systemization of such documents, pointed out that heretofore the shippers' complaint was based mainly upon the \$100 limit of liability for lost or damaged packages, the limited period within which claims must be made and the many exceptions to ordinary liability which bills of lading contained and which made it so difficult for the shipper to prosecute his claim for damages. All this has been changed by the Rules and to the advantage of the shipper. A further objection to present practices lies in the fact that the lack of uniformity in the laws makes a bill of lading perfectly valid in one country, but invalid in another. No one nation can dictate to another in this matter, and since in all export shipments there are at least two, and usually five, nations involved, a proper system governing the carriage of goods in international trade can be effected only through international action. This the general adoption of The Hague Rules will accomplish. And after all the Rules are nothing more than a codification of our own Harter Act. Under the Rules the carrier will be liable for everything for which he is liable today.

The chief objection to the Rules seems to lie in the claim that the Rules cover only that part of the carriage between receipt at ship-side and discharge, that is, from tackle to tackle. But this objection seems to disregard

Building a Foundation

We've been at it in the Seiberling Rubber Company now for six months. Not a man in this organization has been watching the clock.

We began with determination to work as we never before had worked and to produce better products than we ever before had produced—in over twenty years of rubber manufacturing.

During these first months we have built a foundation on which is rising the three-fold structure of a satisfied factory and sales organization, a dealer group which is making a decent living, and a consumer clientele which is buying highest quality tires at prices based on manufacturing and distributing efficiency.

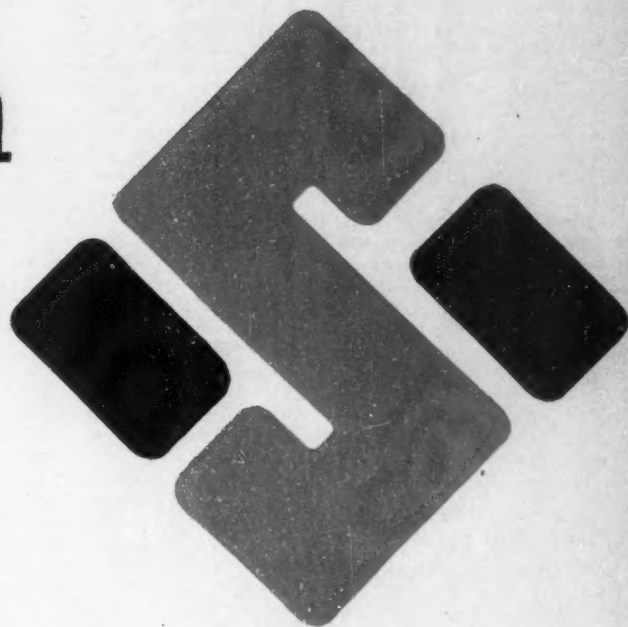
We have today an established business; we have two thousand high-grade dealers; there is a feeling of real friendship and co-operation between those dealers and the Seiberling Rubber Company; they have unanimously endorsed our policy and our product, and they are selling our tires as fast as our factory can deliver them.

What better evidence could any business have that one who builds a good product, works as hard as he can and considers the other fellow's interest need have no fear of inadequate reward?

SEIBERLING RUBBER COMPANY, AKRON, OHIO

H. A. Seiberling
President.

SEIBERLING CORDS



*"A Tire That Will be
Known Everywhere"*



the fact that the carrier's liability begins with receipt and continues until delivery, except that the carrier's liability outside the ship is that of warehouseman. In view of the fact that 48 of our states have warehousemen's acts differing more or less, as do the laws of foreign countries upon the same subject, it did not seem practicable to include at the beginning of this reform an attempt to bring about uniformity in the regulation of warehouses. That may come later. Meantime, The Hague Rules have left the law just as it is at every loading port. Treating broadly the matter at issue it may be truly said that when The Hague Rules go into effect the shippers, the bankers, the underwriters, the ocean carriers will be able for the first time in history, to deal with a bill of lading that definitely determines the risks involved. In order to accomplish this result it will be necessary, so far as the United States is concerned, to amend the Harter Act at three or four comparatively unimportant points. These principally relate to relieving the carrier from liability in respect of extra-hazardous cargo, to permitting the carrier to make special terms in regard to special cargo, salvaged cargo for instance, except that for such cargo a negotiable bill of lading may not be issued.

In concluding, Mr. Haight admitted that three or four of the Rules could be changed to advantage, and that such changes would be effected.

Mr. Herrick began his discussion of the subject by inquiring, if the Rules gave to the shipper the protection the proponents claimed, could anything be more natural than that he, a shipper, would be one of the first to clamor for them. He continued:

It is acknowledged that the Rules cover only the short period from ship's tackle to ship's tackle. But the shipper is interested from the moment he loses possession of his goods, from the moment they go into the custody of the carrier until they are delivered to the consignee. The issue has been clouded by not differentiating between a through bill of lading and a bill that might be issued under The Hague Rules, and it is believed that those who have approved the Rules have done so because of this fact.

No Penalty for Violation

IN return for the Rules we must dispense with the protection which we have had for nearly thirty years under the Harter Act. So far as the speaker knew there was no law that legalized an agreement that was indefinite in terms, without limitation as to period of effectiveness and without penalty for violation. The Hague Rules are a coat that can be put on or taken off at the carrier's convenience. Uniformity is desirable in documents covering shipments moving to and from the United States, but it is not desirable to give up our legal protection here in order to secure uniformity in documents covering shipments from Hong Kong to Vladivostok. Again, what is proposed is not a through bill of lading. It does not cover the goods when they are on the dock or lighter awaiting delivery to the ship or to the consignee, the period during which most losses occur. It does not seem as though this period could be called a warehousing period; therefore, the carrier's liability should extend for a reasonable period beyond that contemplated by the Rules.

Further objections to the Rules are:

That there is no limitation as to cargo that can be put on deck, which, of course, enters into the question of insurance.

That the carrier may refuse to issue a bill of lading conformable to the Rules, or accept only certain kinds of shipments subject to the Rules.

That the carrier who selects his employees attempts under the Rules to transfer to the shipper losses occasioned by the acts of such employees.

That the carrier is not bound to keep his ship seaworthy throughout the voyage.

That although the Rules provide that the carrier shall provide for the proper stowage, etc., of cargo, and although a hold might be prepared for a particular kind of cargo, that does not obligate the carrier to stow such cargo in that hold.

That although the goods may be under the carrier's control he is not compelled to issue a bill of lading until the moment of attachment to ship's tackle. That the shipper is asked to guarantee that the marks shall remain legible until the end of the voyage, notwithstanding that it would be practically impossible to put on marks that could be guaranteed to remain legible to the voyage's end.

That the carrier may say the goods delivered do not conform to the notice of shipment and upon that ground may refuse to issue a bill of lading; that in respect of bulk cargo, although the carrier may satisfy himself that he has received a certain quantity of bulk cargo, the shipper who claims damages is bound to prove number, quantity or weight of cargo actually delivered, a requirement that does not apply to package freight.

That unless written notice of a claim for damages is made by the shipper before the removal of the goods, such removal shall be *prima facie* evidence of delivery, which is in marked contrast with the provision of the Interstate Commerce bill of lading which allows thirty days for notice, unless damages to the shipment are apparent when the shipment is removed.

That in respect of bulk cargo, although the carrier may satisfy himself that he has received a certain quantity of bulk cargo, a claimant is bound, notwithstanding the bill of lading, to prove the number, quantity or weight actually delivered.

What is known under the Rules as "received for shipment bill of lading" for which there seems to have been no demand and which will no doubt necessitate rewriting the form of contract on many C. I. F. sales abroad.

The provision of the Rules respecting the shipment of inflammable goods is an important one, while it is proper that the carrier should be protected in respect of dangerous goods, the nature of which has not been disclosed to the carrier, if the carrier accepts shipments of lard, for example, which under certain conditions is very inflammable, but which is being carried on ships every day to every port of the world, I do not see why the carrier should exempt himself from liability and place that liability upon the shipper if some of the lard should get on fire, because the practical result would be that shipper of lard would be obliged to insure the ship and cargo in order to protect himself.

Mr. Price, who was the next speaker, began his remarks by saying that, contrary to the opinion of the last speaker, The Hague Rules will not operate to repeal the Harter Act, and that as to deck stowage it is evident the stowage of certain kinds of cargo on deck is not proper stowage, pursuant to the exercise of due care and diligence, and would come under the condemnation of the Harter Act.

It is practically clear that when cargo is left in the custody of a carrier prior to loading or after discharging the carrier is liable for the safe custody of cargo as warehouseman, under the warehouse liability law of the country where the operation takes place. It is known to all American shippers that railroad companies stipulate in their bills of lading that with respect to such merchandise they shall be liable only as warehousemen. But the opponents of the Rules desire that the ocean carrier shall assume a larger measure of responsibility as warehouseman than is imposed by American law on railroad companies when they act in that capacity.

The distinction between rail and ocean carriers in this matter appears a little clearer

when it is recalled that the law requires rail carriers to maintain terminal warehouses, while there is no law imposing such requirements upon ocean carriers. The distinction between the warehouseman's and the carrier's liability is that under the common law the warehouseman is liable only for the results of his negligence, while the carrier is treated as insurer who guarantees the performance of his contract unless prevented by the act of God, etc. This liability has not been found to work out satisfactorily because steamship companies are not acceptable as underwriters against loss arising from perils of the sea; neither are most steamship companies sufficiently strong financially to become insurers, nor are they able to insure as low as regular underwriters. It is because of this fact that steamship companies contracted themselves out of a larger measure of their common law liabilities which oblige the owners to look to the insurance companies for protection.

In recent years this habit of contracting out of liability has been carried too far. Shippers and cargo underwriters have, therefore, contended that the provisions of the Harter Act were not sufficient; that the carrier should be required to accept liability for more than \$100; that they should be required to allow reasonable time within which to make claims for damages; and that the carriers should see to it that the goods were not stolen while in their possession. Legislation to effect this purpose would present hopeless difficulties. It was necessary, therefore, for cargo interests to realize this fact when seeking relief from present conditions.

The Hague Rules have been accepted by the International Chamber of Commerce, the American Institute of Marine Underwriters, the American Foreign Trade Council, the Millers' National Federation and many other important associations, and are understood to have practically the unanimous approval of bankers and underwriters both here and abroad, and they are offered to American shippers for their consideration.

The Rules represent the consensus of international cargo interests as represented at The Hague, and for that reason were unanimously accepted by the International Conference of Steamship Owners which met in London last November. It is well for cargo interests to examine the Rules from a practical standpoint, rather than in a critical spirit of condemnation, because every question which a shipper may ask is not disposed of in this single short document.

Increased Liability

IT IS to be noted that the Rules increase the liability of the carrier from \$100 to 100 pounds sterling, and that without "pro-rating"; that they grant a year within which to file claim or bring suit; that they omit the heretofore customary pilferage exemption, thereby making the carrier's liability for pilferage in the same manner that they are liable for short delivery; that the delivery of goods in apparent good order is no longer conclusive as against the receiver as heretofore, but is merely *prima facie* evidence of good delivery, that is, the receiver even after giving "an apparent good order" receipt at the ship's side, may still allege ship damage and bring suit at any time within a year; that the Rules also require proof of full delivery of bulk cargo where claim is made for short delivery. Grain and coal are loaded into a ship from elevators and cannot be tallied by the ship's officers in such cases. If shortage is claimed it would seem that the ship is entitled to prove as to the quantity loaded.

In respect of the "received for shipment" bill of lading, it has been urged that this has the effect of forcing the interior shipper, who has no seaboard agency, out of the export business, and that it will force the discontinuance of the through export bill of lading; but an "on board" bill of lading at the port of export or a "received for shipment" bill of lading may be issued. This provision, there-

fore, is intended to assist the interior exporter. It provides a way of using the through export bill of lading which is essentially a "received for shipment" bill of lading, and permits also the use of a port bill for those who export directly at and from the port. In this I see a great deal of practical assistance to interior and seaboard exporters.

The speaker said it was impossible for any country to hold a water carrier liable as it might in the case of a land journey. There can be no comparison between the railroad journey from Chicago to New York, of which one part shall be under carrier's liability and the other not. The journey about which we are talking starts from one port in one country and ends at another port in another country.

As regards keeping a vessel seaworthy time may not be wasted on that question. A vessel is required to be seaworthy.

The last few years (the speaker said) he had handled a vast number of carriers' liability claims, and he was convinced that under the present bills of lading only about 10 per cent of the claims are collectable—because of some special limitation. But under the Rules he was convinced that the carrier would exercise far more care, since he is held for more damages and will pay more money per claim and pay more claims.

Mr. Heinemann made the concluding address, speaking against the Rules:

He stated that the impression that everyone favored the Rules was an error, and proceeded to read a list of organizations, both in the United States and England, that had declared against adoption, including in the United States the National Industrial Traffic League. The resolution of the committee of the American Bankers' Association endorsing the Rules which invites proper interpretation of the Rules in any legislation by Congress to make the Rules effective, he said, was exactly what he wanted. He also called attention to the resolution of the National Association of Manufacturers which approved the Rules as a practical step forward, but not as a substitute for desirable legislation fortified by international agreement. Mr. Heinemann said his opposition was not to The Hague Rules as such but to their indefiniteness. If the so-called Edmonds Act is passed it will destroy the value of the Harter Act to the shipper, and we do not want to sacrifice this act to The Hague Rules unless we can get something equally good. The concession represented by the increase in liability from \$100 to 100 pounds amounts to nothing, because the representative of a prominent steamship company has said that the \$100 valuation is sufficient to cover from 80 to 90 per cent of the shipments moved from this country. The Interstate Commerce bill of lading increases the valuation per package to \$250.

As to pilferage, the speaker declared that he could find nothing whatever in the Rules that would lead him to believe that the carrier is in any way bound to answer for pilferage to any greater extent than he is now under the Harter Act.

After commenting upon what he affirmed was a denial of opportunity on the part of the National Chamber for the opponents of the Rules to get their case before the Chamber constituency, Mr. Heinemann closed his remarks by stating what he conceived to be the desires of shippers: the Harter Act should not be junked but should be improved; carriers should be prevented from unnecessarily prolonging voyages; shippers should be protected when quarantine regulations require discharge of cargo prior to arrival at destination; carriers should be subject to full liability for damages occasioned on lighters; where substitution of vessels takes place the shipper should have the same protection on the vessel substituted as on the original vessel, while the carrier should assume full responsibility for shipments, from the time they come under his control, whether inland, on the docks or at the receiving tackle, until final delivery at destination.



"We enclose our check on The Equitable of Paris"

AMERICAN FIRMS engaged in foreign business are finding many advantages in carrying interest-bearing accounts with The Equitable's offices in London and Paris. Among the advantages are:

Payment of foreign bills by check—saving of a considerable sum yearly in interest—elimination of speculation involved in meeting obligations at future dates, replenishment of balances when exchange rates appear most favorable—establishment of a valuable local reference overseas—first hand trade and credit information.

The Paris office, moreover, maintains a Foreign Travel Service Bureau which aims to save our clients' buyers or salesmen time and trouble. The bureau, in charge of an experienced travel man, arranges itineraries, buys railroad and steamship tickets, assists in obtaining passport visés, reserves hotel accommodations, etc.

The London and Paris offices are complete banking units, from which radiates a world-wide system of correspondents. The officers of our Foreign Department will welcome an opportunity to explain our service in relation to your peculiar needs.

**THE EQUITABLE
TRUST COMPANY**
OF NEW YORK
37 WALL STREET

LONDON
3 King William St., E.C.4

PARIS
23 Rue de la Paix

Give the Present Law Fair Trial

Railroad Session, Transportation Group

EXPERIENCE under the Transportation Act, 1920," was the general topic discussed at the Railroad Group Session on Tuesday afternoon. George A. Post, chairman of the Railroad Committee of the Chamber, presided. In opening the meeting, Mr. Post pointed out that there is no economic question before the American people today more important than the railroad question; and that this group meeting had been arranged in order to furnish a forum where members of the Chamber from all parts of the country holding diverse views upon the railroad question could have an opportunity to discuss these views with their fellow-members.

The two invited speakers, Howard Elliott, chairman of the Board of the Northern Pacific Railroad, and Dr. Julius H. Parmelee, director of the Bureau of Railway Economics, presented a clear and comprehensive picture of the progress that has already been made since March 1, 1920, in putting into effect the provisions of the Transportation Act; and outlined in detail their reasons for urging that no important provision of the act should be amended or repealed until it has had a fair trial under normal peace conditions.

Mr. Elliott said in part:

Since the war the railroads, to a certain extent, have been obliged to live on their past accumulations. Some people estimate that if the railroads had been facing a prosperous condition and had felt free to spend all that a good manager desired to spend to make his property first class, that possibly \$300,000,000 more would have been spent on bridges, etc.

The car service report for April 15 shows that out of 2,261,000 freight cars in the service of the railroads, there were 317,000, or 11.2 per cent, in what we call bad order. . . . Prior to the war we thought if we had more than 5 per cent of our cars in bad order we were not doing very well.

We find something of the same condition with regard to locomotives. On April 16 there were 13,330 locomotives in bad order, that is, requiring repairs that take more than twenty-four hours. That was 20.6 per cent of the 64,563 locomotives doing the work of the people. Before the war we used to think that if we had over 10 per cent of our locomotives in bad order we were not doing our work well.

I think the American railroad track as a whole is in good sound safe condition with some scarcity of new rails, but that does not mean any deterioration in the extent of safety. It means that in the next three or four years in order to assure business prosperity the permanent way must be brought up to a little higher standard.

So even the report of net earnings for the first three months of this year, which shows encouraging figures, must be taken with some allowance due to the fact that there is deferred work on cars and engines and possibly some deferred work on tracks.

While we all want to be optimists—and I am an optimist myself on the future of the United States—we must take with some allowance the statements that have recently been published in the daily papers to the effect that the railroad business is very good, that everything is going along fine, that stocks are going up, and we are out of the woods—because we are not out of the woods. We are, however, headed in the right direction, and we are making a most earnest attempt to get out of the woods and get back to the same condition that we had in 1915 and 1916, when we did earn the interest on our securities and some dividends for the shareholders.

A message that I would like to leave with

you who represent the Chamber of Commerce, is—Do not be too impatient about this wonderful railroad situation. We spent nearly ten years debating it in Congress, out of Congress, on the stump, in the forum, everywhere, and finally after all that debate in March of 1920 Congress, representing the entire people, after listening to every argument you could think of for or against any given point in the bill, passed it. It has not yet had a fair trial. Give it a fair trial. It is a brand new basis for doing what is perhaps the most complicated business in the world.

Dr. Parmelee discussed the Transportation Act as a stage in our national economic development. He pointed out that the act contains elements of both evolution and revolution. In its evolutionary aspect, the Transportation Act granted to the Interstate Commerce Commission control over the issuance of securities; gave the commission authority to approve or disapprove proposed railway extensions and proposed abandonment of existing lines; placed the commission in control of many features of railroad operation, such as the supply of equipment and the unification of terminal operations, and, finally, gave the commission power to lay down the lines along which future consolidation of railway properties, either through lease or through merger, may take place.

In its revolutionary aspect, the Transportation Act contains two important provisions, each closely related to the other. In the first place, Congress inaugurated a new policy as to labor when it placed the whole field of wages and working conditions under public supervision. By this one stroke three-fifths of the operating expenses of the railways were placed under almost complete government control. In the second place, Congress deemed it wise to establish a new principle of rate making. The Congress properly recognized that control over expenses carried with it a grave responsibility on the part of the public to see that railway revenues were adequate to meet those expenses, and to provide, in addition, a net income which should place the railway industry on a strictly economic, that is, self-sustaining basis.

Dr. Parmelee discussed the actual working of the Transportation Act under three principal heads, namely, railway finances, railway rates, and railway labor. He summed up the financial condition of the roads by showing that during the nineteen months that have elapsed since the end of the guaranty period, the roads have earned an average annual rate of only 3.35 per cent

and have fallen \$784,000,000 short of earning 6 per cent on the tentative valuation fixed by the commission.

What the financial situation may be during the next few months under the gradually tightening effect of the coal strike on industry, and under the modified levels of transportation rates and railway wages which may, within the next few weeks, or days, or even hours, be put into effect by the Interstate Commerce Commission and the Railroad Labor Board, respectively, it is difficult to foresee; but an industry that even under government guaranty earns less than 4 per cent, and during a period of more than a year and a half, at the highest level of rates ever experienced, earns only 3 1/3 per cent per year, cannot look for great improvement unless reductions in expenses can be brought about commensurate with reductions in revenues through rate cuts.

John J. Donovan, of the Bellingham (Washington) Chamber of Commerce, referred to the address given by Mr. Arthur Balfour at one of the general sessions, in which he said that the Government of England has discovered that a government dependent upon votes has no business as a government in endeavoring to settle wages. Mr. Donovan said that in his opinion we should either give back to the railways the power of their management to deal with their men or, if the country has not yet learned its lesson, then the Labor Board should become a bureau of the Interstate Commerce Commission, and the two should work together under a common head.

Mr. John W. Shartel, of the Oklahoma City, Oklahoma, Chamber of Commerce, pointed out that the Transportation Act provides for an average return of 5 1/2 per cent on the fair value of railroad property, i.e., that the Commission shall add together the values of the railroads in a certain district, and try to make a rate that will yield 5 1/2 per cent on this aggregate value. Today three-fourths of the railroads in this country are earning less than this average return, and not over one-fourth are earning 5 1/2 per cent or better. Over 100,000 miles of railroad are not earning their operating expenses and taxes. The result is that there are today some large systems, and hundreds of small ones, that do not know whether or not they will be running at all at this time next year.

Michael Doyle, representing the Chamber of Commerce of Rochester, N. Y., urged that the shippers and the manufacturers on the one side, and the managers of the great railways on the other, should come together more closely and study each other's wants and requirements so as to develop more cooperation than exists at the present time.

Our Highway System

Highway Transport Session, Transportation Group

HIGHWAY TRANSPORT came prominently before the convention in order that two outstanding issues of the greatest concern to the industry might be discussed constructively for the benefit of this great and growing business. Here is an industry which has doubled in size twice within a period from three to four years. The economic adjustment between the new and the old regime has become pressing, and a reasonable degree of cooperation between government, states, counties, cities, and the transport agencies themselves has become a necessity. In this session representatives

of chambers of commerce, national transport organizations, state highway commissions, manufacturers, etc., participated in the discussions.

"Economic Foundation for Future Progress" was presented by Thomas H. MacDonald, Chief of Bureau of Public Roads, upon whom falls the responsibility for the detailed administration of the federal aid funds.

Mr. MacDonald brought out the fact that road building is lagging behind the increased use of motor vehicles, and while road building has just begun, there are plenty of evi-

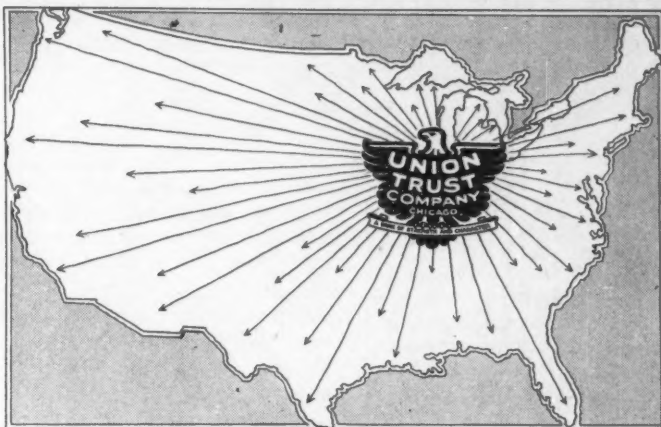
dences that the tax-paying public "is rapidly nearing the end of its willingness to act further in the capacity of a shock absorber." He says there is no reason why the highways should not be placed in the self-supporting class, for they are possessed of a real earning capacity which can be computed preparatory to making a state road budget. The Cumberland Pike, built in 1818 and resurfaced for modern traffic after a long period of disuse, was used as an illustration that bond issues, covering the so-called "permanent" portion of highway construction, need not be of such short term as usually advocated, thus reducing the burden of sinking fund or amortization on current road appropriations. A novel point was brought out—that in comparing federal aid between states, highway appropriations should not alone be taken into consideration, but rather all the services from government to states. When all are considered, "the distribution of these expenditures within the states is approximately the same as the distribution of federal income."

Classification of roads into selected systems was emphasized as a necessity in carrying out federal highway administration, and especially the type of roadway surface is all important, from the standpoint of highway service and finance.

A good budget policy included maintenance, reconstruction, and new construction, and Mr. MacDonald advocated the first should be absolutely supported by the road user; reconstruction by the user and by the state through taxation; new construction by the user and the state, with taxation from both urban and rural sources. For the roads render real service to rural property. Federal aid and motor vehicle revenues constitute 33 per cent of the \$600,000,000 expended on roads last year, and taxation has already reached \$30 per car, which is over one-half of the total expended. Gasoline consumption is an important question, for an advance of 1 cent in the price per gallon amounts to approximately \$40,000,000 a year to the user. Careful studies, Mr. MacDonald reported, are now going forward to determine the economic limit of highway transport in its relation to highway construction.

"Practical Highway Transport Regulation" as developed by E. J. Mehren, editor of the *Engineering News-Record*, emphasized the importance of the growing function of motors as common carriers and that they are subject to regulation like any other public utility. This is entirely distinct from so-called "vehicle regulation" or road rules which have heretofore governed the use of our highways, in regard to speed, maximum weight, size, licensing, etc. Forty-eight states are confronted with highway development and regulation, not only of private but of public common carriers; also numberless smaller civil subdivisions. Twenty or more states already have some form of common carrier or public utility regulation. Federal aid construction is under one set of commissions. Carrier regulation is under another set. Some are too strict, some too lax.

Vehicle regulation, Mr. Mehren claimed, should not be punitive, but should prevent abuses by individuals, and should be kept to a minimum, consistent with the maximum economic use of the highways. The question of maximum weight is still debatable, he said, and a solution may be found through local restrictions where obviously needed. But the most important need is strict enforcement, such as enforced unloading—a method formerly considered too drastic. There are sixteen methods now used in assessing license fees. These should be adjusted, Mr. Mehren claimed, to a more simple and uniform plan,



In Chicago

A Thoroughly Satisfactory
Commercial Banking Connection
The B/L Bank in America's
Freight Center

DIRECTORS

WILLIAM R. ABBOTT	President, Illinois Bell Telephone Co.
FRANK C. CALDWELL	Pres., Oak Park Trust and Savings Bank
RICHARD J. COLLINS	The Fulton Street Wholesale Market Co.
RICHMOND DEAN	Vice-President, The Pullman Co.
HOWARD ELTING	Pres., Heath & Milligan Mfg. Co.
CHARLES K. FOSTER	Vice-President, American Radiator Co.
HALE HOLDEN	Pres., Chicago, Burlington & Quincy R. R. Co.
MARVIN HUGHITT, JR.	Vice-Pres., Chicago & N. W. Ry. Co.
GEORGE E. MARCY	President, Armour Grain Co.
BENJAMIN H. MARSHALL	Marshall & Fox
GEORGE A. RANNEY	Sec. and Treas., International Harvester Co.
GEORGE C. THORP	Vice-Pres., Illinois Steel Co.
FREDERICK L. WILK	Formerly Vice-Pres., Union Trust Co.
CRAIG B. HAZLEWOOD	Vice-Pres., Union Trust Co.
CHARLES R. HOLDEN	Vice-Pres., Union Trust Co.
HARRY A. WHEELER	Vice-Pres., Union Trust Co.
FREDERICK H. RAWSON	President, Union Trust Co.



UNION TRUST COMPANY

OF CHICAGO

such as horsepower and gross load basis, although some states use the gasoline tax, or roughly, a mileage basis.

Common carrier regulation Mr. Mehren strongly urged, even though it is possible to make a strong theoretical case against it. Practical questions, however, outweigh the theoretical. For the public has long since determined that common carrier regulation is necessary, that the public is better served by a regulated industry, and that regulation stabilizes a business by protecting it from irresponsible competition. Some states, however, have jumped to conclusions without the backing of necessary experience, which is essential to avoid regulation of an impractical nature. The attempt to load motor operations with fixed charges on highway construction, as well as maintenance, Mr. Mehren

opposes as unsound, because of the absence of a carrier monopoly. The same situation occurs in inland waterways and would come in air transport. Each type of transport should be permitted to find its true economic place in the whole transportation system. But the vehicle must pay for the use of the road and "a tax graded by the extent of use of the road is the preferable one"; in other words, a franchise tax.

In the discussion, the question of granting monopolistic road franchises to motor carriers arose, and the solution seemed to lie with the carriers themselves. In one case fifteen different operators finally petitioned jointly for a certificate of convenience and necessity, placing themselves under regulation and agreeing to give a certain definite service.

For Equality in Tariff Making

Domestic Distribution-Foreign Commerce Group Session

DISCRIMINATORY provisions in customs tariffs constitute not only an obstacle but a danger in international trade in the opinion of many attending the joint group session of the Domestic Distribution Department and the Foreign Commerce Department, which met on the afternoon of Wednesday, May 17, under the chairmanship of Mr. Ernest T. Trigg, vice-president, John Lucas and Co., Philadelphia, Pa. The group session voted against urging the United States Government to call a government conference on the subject, but recommended that the International Chamber of Commerce be requested to consider the advisability of holding conferences of business men looking to the elimination of discriminatory provisions from the customs tariffs of the nations of the world.

This suggestion came as a result of an address by W. S. Culbertson, vice-chairman of the United States Tariff Commission, Washington, D. C., upon the bearing of the United States tariff upon export trade and foreign relations. Mr. Culbertson pointed out the two general methods by which tariff negotiations may be carried on, as follows:

a. By the concessional method, that is, by establishing by legislative enactment a level of duties and then, by means of treaty negotiations with foreign countries, conceding reductions either to minimum rates previously fixed by law or to points agreed upon during negotiations.

b. By the penalty method, that is, by imposing additional duties on the imports from a foreign country in order to obtain from that foreign country a more advantageous position in its markets.

The methods of tariff bargaining are used for the purpose of obtaining commercial advantages. The act of bargaining itself, however, raises large international problems. Until most-favored-nation treatment is made both unconditional and universal, every tariff bargain must be to a greater or less extent a discrimination also.

Dr. Culbertson suggested the following plan as being desirable in order "to carry out further our announced policy of equality of opportunity and the open door in commercial relations":

1. In revising old and negotiating new commercial treaties, we should adopt the unconditional form and interpretation of the most-favored-nation clause. We shall thereby establish a basis on which to insist upon equality of treatment in the markets of foreign nations and by which concessions in our tariff that may be granted through negotiations will auto-

matically be extended to other nations and discriminations be effectively prevented.

2. If this treaty policy is adopted, we can then properly adopt the supplemental policy of negotiating for the minimum rates granted by foreign countries by granting such reductions in our tariff schedules as may be authorized by Congress for the purpose of promoting our foreign trade.

3. As a supplement to this concessional method or independent of it, we should place in the hands of the President the power to penalize discriminations against our overseas commerce. Additional duties applied at the discretion of the President and in a degree to fit each case will remove many discriminations, open or concealed, which could not so easily be reached by the slower method of negotiating general tariff treaties.

4. The effectiveness of bargaining methods applied by any single nation is limited. Systems of discriminations, especially between colonies and mother countries, involve large political as well as economic questions and should preferably be considered in an international conference. The object of such a conference should be the fullest consideration of the advantages which would accrue to all nations from the application of the principle of equality of treatment and the open door to all colonial possessions and dominions as well as to nations. Such a conference might properly be called by the United States.

Recommending the cancellation of the Allied debts, W. Irving Bullard, vice-president of the Merchants' National Bank of Boston, and treasurer of the National Association of Cotton Manufacturers, said:

The truth should gradually sink into the American mind that the wise as well as the decent thing to do is for us to cancel the Allied debts. That would greatly simplify our present tariff enigma, as well as vastly improve the whole international trade situation. But it will require a great deal more of popular education. Perhaps the most we can expect for some time is a clarifying and defining of debts relations by our new funding commission.

All these influences, including particularly whatever the nations of Europe achieve in fiscal reform, should inevitably lead to one very

essential improvement—much greater stability in exchange or currencies and in commodity prices. In 1921, when I traveled thirteen countries of Europe, the instability of both exchanges and prices was the curse of all business there. The great economic crime was the overworking of the printing presses. And against international trade no more grievous offense is possible than such confusion of currencies and market quotations. Sometimes they actually tried to get around the dilemma by barter, but most of such expedients quickly broke down.

Probably before very long, some sort of devaluation, or scaling down by shifting the decimal point, will be requisite in certain countries to bring some of these huge volumes of nearly worthless paper into a feasible and constant relation to gold. Ignoring the fantastic figures in Russia, the currencies of Europe total well above \$100,000,000,000 nominally, or more than a dozen times all the gold in the world. This devaluation may come after reparations are finally fixed, budgets balanced, debts adjusted and loans floated.

These capital and credit elements form a world problem. Just now, the low rates of money and seeming abundance of investment capital may be a misleading phenomenon. The real issue or necessity is for a great redistribution of capital, wisely planned and executed. The present superficial abundance is really due to recent liquidation of goods; when demand increases for business revival, care must be had against another diversion of liquid capital into extravagant forms of consumption, bonuses or doles and the like. The sadly depleted fixed, producing capital of the world must be restored.

The United States, of course, must be the chief source of this capital supply, through sharing with Europe its excess gold and its future capital accumulations, for its own advantage as well as Europe's sake, but only on wise and truly productive lines. Gold loans to Europe, properly secured and applied, will be not merely a potent stimulus to the Old World, but a very good business stroke for us.

Commenting upon the Russo-German Pact at Genoa and the reported plans of Stinnes in Russia, Mr. Bullard said:

Apparently the Germans have concluded, rightly or wrongly, to devote more attention in a trade and industrial way to Russia and other neighboring lands where currency is even more depreciated than the mark, and needing skilled reorganization, than to distant markets in other continents.

Not until the war between Greece and Turkey is over can business be done in a normal way in the Near East, according to Edward Ewing Pratt, secretary and managing director, Chamber of Commerce for the Levant in America. There are no large stocks of merchandise left in that region and general conditions are not as abject as have sometimes been pictured in the United States. Excellence of railway service, hotel service, telephone service, and general living conditions in many places were in direct contrast with reports which have been given currency in the United States with regard to the Near East. German competition is everywhere in evidence, but deliveries are poor and quality leaves much to be desired. All of the countries are overgovernmented, in Roumania one person in every ten being in government service.

"Chain" Competition Can Be Met

Domestic Distribution Group

UNDER the title, "Growth and Significance of Chain Stores," Dr. Paul H. Nystrom of New York, director of the Retail Research Association, gave to the Domestic Distribution Department the first

complete analysis of the chain store problem. He has studied the question closely for several years and regards the chain store idea as a normal development in the evolution of modern business.

Probably the Great Atlantic and Pacific Tea Company, established in 1858, was the first of the existing chain stores and was followed by the Jones Brothers Tea Company in 1872, and the Woolworth organization in 1879. In a general way, chain stores dealing in foods were the first in the field, and there are now probably more than 2,000 chain store systems in this country with a total of more than 100,000 separate retail establishments including those dealing in nearly everything sold at retail.

It is estimated that considerably in excess of a billion dollars in merchandise is distributed yearly by chain organizations, and in the grocery field alone 10 per cent of the total retail business already is done by chains. In Philadelphia and New York probably more than one-half of all food products are sold by chain stores and large proportions of other goods as well.

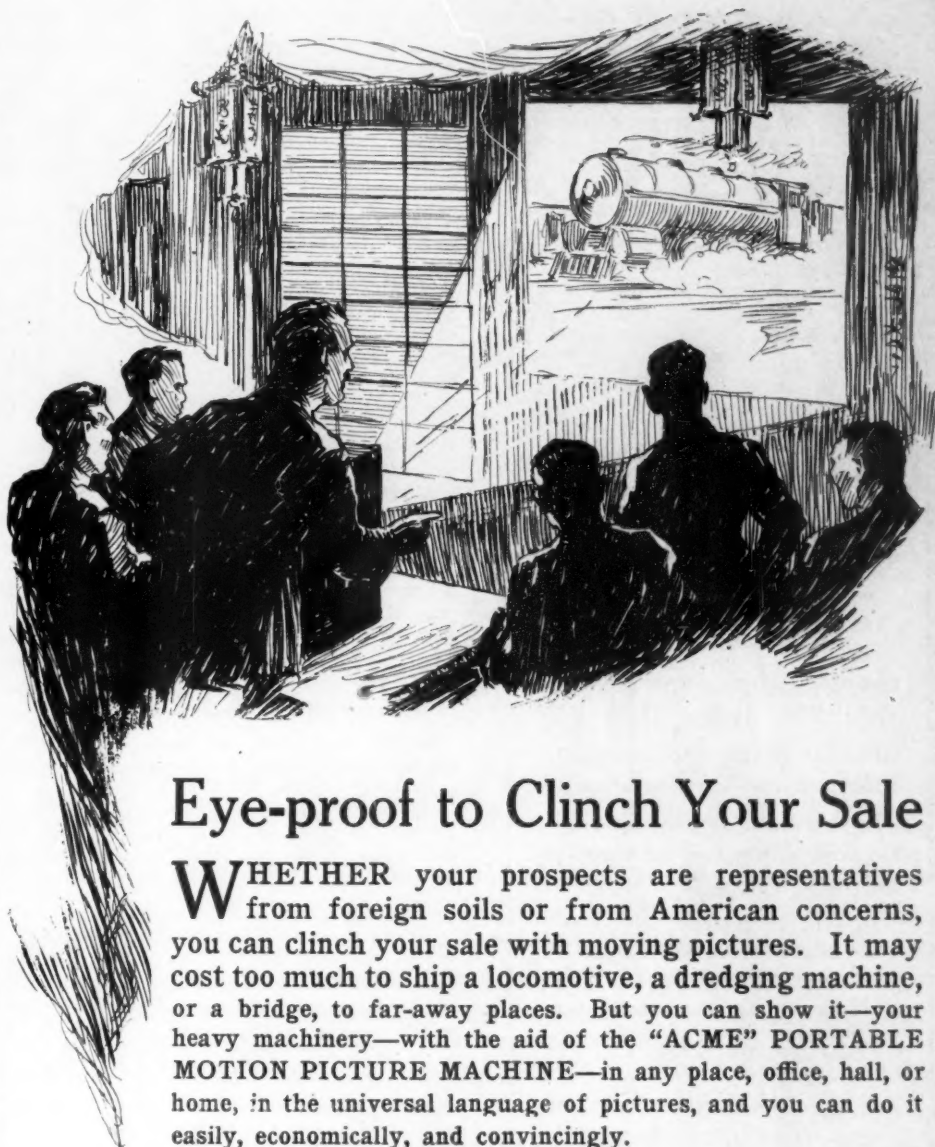
A comparison of the index numbers of the *Federal Reserve Bulletin* shows that the chain stores actually are expanding in volume of business, but since they are also increasing the number of their stores, it does not follow necessarily that the average volume of business per store is increasing.

Costs of doing business, of course, are of the greatest importance in comparing the operations of chain systems with those of independent stores, but Dr. Nystrom does not regard the results of any studies yet conducted as at all conclusive because of the great range in costs of doing business, which extend from 6 to 25 per cent of net sales. He finds, however, that the range of costs in chain stores is less than independent stores, but reaches the same general average, 15 per cent, and where the chain store has an advantage in buying large quantities it is apt to lose this advantage in other ways. Any independent store which will eliminate credits, deliveries and service at extraordinary hours has a chance to beat the chain store in costs of doing business.

Certain peculiarities in chain store management are very clearly exhibited by their selection of locations, by their standards of stock arrangements and by their attempt at some distinguishing and pleasing external appearance. Also, they specialize more closely in the merchandise which they handle than do independent stores, and while this has the advantage of reducing the number of items carried, it has the disadvantage of not meeting the wants of customers so generously.

Dr. Nystrom made it very clear that management is the great desideratum. Chain stores, with their great volume of business, are able to pay very large salaries for the best management which can be employed; and they seem to understand very clearly that it is useless to locate near an existing well-managed independent store. It is stated unqualifiedly that one of the great chains will not locate in a town of moderate size where there is a well-managed, popular, independent establishment.

"The Distributors' Horizon" was the subject of a picturesque discussion by Mr. Franklin Hobbs, of the restricted vision of the average business man who called attention to the possibilities of a better understanding of the future by means of historic figures accurately interpreted. Mr. Hobbs deprecated the common attitude of disbelief that business facts at different periods are not related to each other, and compared the methods of highly trained statisticians with those of astronomers who are able to predict eclipses and other celestial phenomena many



Eye-proof to Clinch Your Sale

WHETHER your prospects are representatives from foreign soils or from American concerns, you can clinch your sale with moving pictures. It may cost too much to ship a locomotive, a dredging machine, or a bridge, to far-away places. But you can show it—your heavy machinery—with the aid of the "ACME" PORTABLE MOTION PICTURE MACHINE—in any place, office, hall, or home, in the universal language of pictures, and you can do it easily, economically, and convincingly.

The "ACME" PORTABLE was designed for those whose products or services cannot conveniently be taken around and shown. It is light, compact, neat—carries like a suitcase. With it you can demonstrate your product anywhere. It "plugs in" on any light-socket, direct or alternating current, is easy to operate, takes standard films. And you can stop the picture at any point in the reel and emphasize selling arguments—this is a newly perfected Acme feature.

You can easily have suitable films prepared at a cost about the same as the salary of an ordinary stenographer. Our experts will gladly advise with you.

For further details and facts about making films and the advantages of motion picture selling with "ACME" machines, just send the coupon.



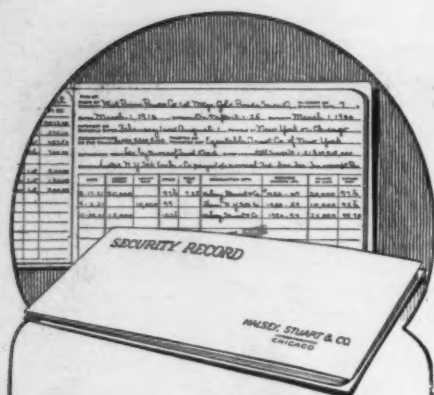
CARRIES
LIKE A
SUITCASE

Acme Motion Picture Projector Company,
Industrial Service Dept., No. 65.
806 W. Washington Blvd., Chicago, Illinois.



Without obligation on my part, please send me facts as indicated above.

Name Business
Address City and State



This Handy Investment Record

saves unnecessary trips to your safe deposit box and quickly furnishes complete information—amounts, interest dates, maturities, prices, taxable status, etc., of your investment holdings.

It is made in loose-leaf form so that pages may be added as required—the pocket size is handy and compact.

Included is a bond interest table, also a chart of information on all issues of Liberty and Victory Bonds.

Income Tax Data Is Readily Available

when you use the convenient forms provided in this loose-leaf booklet for recording purchases and sales of securities, income derived, tax provisions, etc.

MAIL COUPON BELOW and copy of our "Loose Leaf Security Record" NM-4 will be sent promptly without obligation

HALSEY, STUART & CO.

INCORPORATED

CHICAGO NEW YORK BOSTON
209 S. La Salle St. 14 Wall Street 10 Post Office Sq.
PHILADELPHIA DETROIT ST. LOUIS
Land Title Building Ford Bldg. Security Bldg.
MILWAUKEE MINNEAPOLIS
First Wis. Nat'l Bank Bldg. Metropolitan Bank Bldg.

Mail to Nearest Office

HALSEY, STUART & CO.

Please send me a copy of your booklet, "Loose Leaf Security Record" NM-4.

Name.....
Street.....
City.....

years in advance of the event and with errors so small as to be negligible. Mr. Hobbs very strongly resented the idea that prosperity ever has left this country, but does not deny that it has abandoned some individuals. The United States is prosperous today and will remain so for a long period, and he gives this formula:

Let every producer, every manufacturer, every merchant and every worker deliver an honest dollar's worth for every dollar received.

Col. Leonard P. Ayres, vice-president of the Cleveland Trust Company, used as his text the need of bankers and investors as well as other business men for accurate knowledge as to the significance of changes in production and value which affect their interests. As holders of great quantities of securities, it is necessary for bankers to anticipate the changes in value of securities, and for business men to know when and for how long borrowed capital can be secured at low rates. Plotting the index numbers of pig iron production since about 1880, Colonel Ayres discovered several significant periods. Then by plotting the index numbers of stock securities, bonds and interest rates he evolved some very significant facts which occur too frequently to be regarded as coincidences:—

1. The high mark in bond values follows the low mark in pig iron production by almost exactly 14 months.
2. Interest rates remain at a low level for 18 months after the low mark of pig iron production and begin then to rise definitely. Colonel Ayres calls this the period of opportunity.

Although these interpretations are facts so far as they go, the speaker warned his audience not to regard them as absolutely unchangeable, but as very definite guide posts in the conduct of business.

Incidentally, Colonel Ayres called attention to the great quantities of gold shipped here during 1915-16 by the British Government, which, as a result, saved them many millions in the purchase of supplies by tending to keep the interest rates low, and he regards this as a remarkable evidence of the financial foresightedness of those who control the funds of the British Government.

Col. Ayres' address was illustrated by charts, one of which was a composite chart in which the elements are taken from all of the index numbers shown on the charts of actual events. This composite chart is applied to the years beginning with 1920, and ending with 1923, wherein 1920 is the year

of decline, 1921 the year of depression, 1922 the year of recovery and 1923 the year of prosperity. Colonel Ayres hesitated somewhat to affirm absolutely the coming events of 1923, but, using the low point of pig iron as July, 1921, this would mark the high point of bonds as September, 1922, and the rise of money rates during the early months of 1923. These expectations are not mere prophecy, since the movements are like all other economic movements in strict obedience to the laws of cause and effect. Why, therefore, should not able business men so study and administer their affairs as to take advantage of such simple elements as are displayed? It is explicable only through the different characteristics of men where conservatism fights with caution. The superman, in whom caution and conservatism would be in an equitable balance, could always guide himself in such a way perhaps as to accumulate in a few years a great amount of money. But it must be remembered that bonds remain at a high level for some time and the correct handling of them requires great patience while stocks fluctuate rapidly and the successful purchase and sale of this type of securities demands immediate decision.

In the conduct of industry, a third characteristic—courage—must be displayed at a time when most men are plunged in the depths of pessimism in order that the low rates of interest may be used to the fullest effect.

As an illustration of the wisdom which may be and is often displayed, Colonel Ayres cited the great purchases by railroads in times of depression not only for the purpose of taking advantage of low prices, but also to stimulate production and thus create more traffic for themselves and better conditions for the country at large.

Reverting to his fourteen-month period between the low mark of pig iron production to the high mark of bond values, Colonel Ayres suggested, humorously, that the reason for this might be that it takes about fourteen months for the idea to penetrate the average mind that business is going to be better.

As a conclusion, Colonel Ayres was inclined to see some uses in adversity and stated the interesting facts that in 1920 it took 15 men to build a Ford car which in 1921 was built by 8 men; and in 1920 while one man built only one automobile tire per day, in 1922 the average workman built 2½ tires. All of this was with the same machinery, and the decreased cost was due wholly to the higher efficiency of the average workman.

Profits Must Come from Savings

Fabricated Production Group

BUSINESS men generally are realizing that, as a prerequisite to a return to normal business conditions, it is necessary to lower costs, stabilize production and at the same time to consider the importance of foreign trade to American industry. It was to a discussion of these questions that the business men gave their attention in the group meeting of the Fabricated Production Department.

In presenting a brief survey of the general situation, William Butterworth, president of Deere and Company, Moline, Ill., aptly phrased the problem confronting business by saying, "The manufacturer's profits must come out of what he saves. They cannot now come by adding a percentage to his cost figures."

As a means of securing these savings, Mr. Butterworth stressed the importance of adequate and uniform methods of cost finding, the elimination of all forms of industrial waste, and the proper and intelligent use of business statistics adequate in their scope. He pointed out that there is nothing to fear in intelligent competition where commodity prices are based on a proper basis, saying:

"I do not care much about what the other fellow's prices are if I know that he is making up his costs along the same lines as mine." If this is done the man who makes the greatest savings will have the greatest profits.

To illustrate the value of reducing variety of product, Mr. Butterworth said:

"Eliminations which took place during the war have saved our industry, in the writing

down of our inventories, not less than \$10,000,000."

Mr. Butterworth closed his review with an appeal to American business men to "clean house" and drive out of business those men who would not make an effort to have the conditions under which their men labor as nearly perfect as possible. He urged the immediate establishment of a code of business ethics or "ten commandments of business," which would place American business in the lead in honest business methods.

Presentation of the vital subject of Simplifying Variety and Standardization was made by W. A. Durgin, Chief of the Division of Simplified Practice of the Department of Commerce.

"The survey of six typical industries by the Federated American Engineering Society," Mr. Durgin said, "shows that at least 40 per cent of the effort, investment and energy were absolute waste." To help reduce this waste, largely due to an overproduction of variety and a lack of standardization, he pointed out the splendid work being done by the Bureau of Standards, "the greatest national physical laboratory in the world."

Describing the work of his own Division of Simplified Practice, Mr. Durgin said:

It is founded principally on the statement to Mr. Hoover of many leaders of American industry that one of the greatest present wastes is in excess variety. In all sorts of lines the plea is: "We are making altogether too many sizes and styles; our sales department is leading us by the nose!" As a result of this diversification, each group in the industrial structure is suffering, not only the manufacturer but the wholesaler and retailer, and indeed, when it comes to maintenance, replacement and repair, the ultimate user. The diseases from excess variety are evident enough; stocks and investment are needlessly extended, turnover is decreased, cost of production is run up in each of numberless varieties; deliveries are delayed in getting the item ordered; it is unsafe to accumulate stock during slack periods, for no man can predict just what variety will be demanded when the boom appears; all the wastes attendant on indecision in production and use are prevalent; selling expense is boosted to a maximum in covering these tremendously extended varieties, misunderstandings and misrepresentations are unavoidable; there is little fundamental investigation and development of basic lines as it is so much simpler to change trifling details and start a new variety while foreign commerce goes to foreign producers of simplified merchandise.

Tribute was paid to the Fabricated Production Department for very able assistance. "To this department," said Mr. Durgin, "we look as the apostle of the simplified practice movement; indeed, we are almost in the position of having them do the work while we take the credit, and very obviously, therefore, we consider this department vital."

The discussion of Uniform Cost Methods as Aids to Production, by Arthur Lazarus, chief of the Cost Accounting Bureau of the Fabricated Production Department, developed the following points:

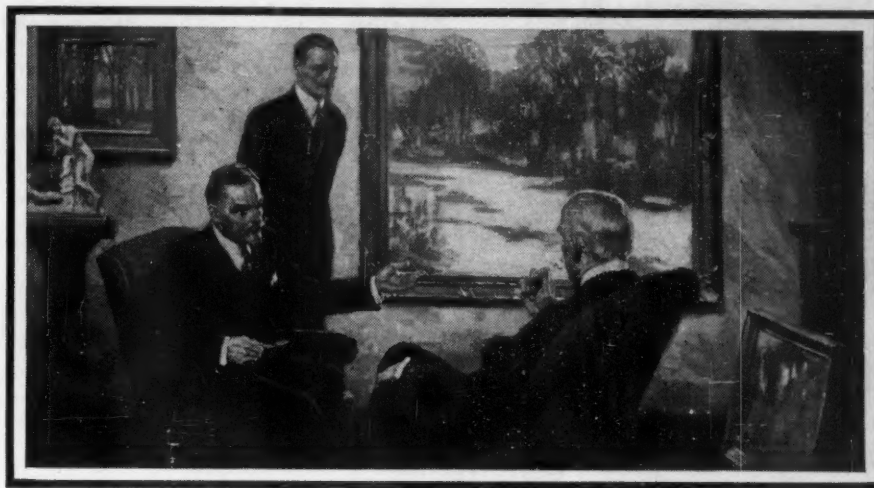
That adequate cost methods are just as essential in times of depression as they are in times of prosperity.

That if cost methods are to aid production, they must be founded on standards of cost, and these standards correlated in a comprehensive budget.

That the standards of cost shall not be theoretical, but the best attained practices.

That greater progress in efficiency is possible if the attainments of an entire industry, rather than a particular plant, are available.

That it is a great step forward if a manu-



THE COLLECTOR and the ART CRITIC. The Collector may be attracted to a certain picture, but he needs the judgment of an experienced and reliable Art Critic when he buys for intrinsic values.

The Art of Judging Investments

THE SECURITIES brought to your attention may or may not have intrinsic value.

Careful investors who practice the art of choosing well-secured bonds consult an organization whose investment information and experience is both wide and thorough.

Make yourself and your investment needs known at any one of The National City Company offices in 50 leading cities. We shall be glad to give you the benefit of our carefully considered recommendations for the investment of your funds. Or, if you wish, our Current List will be sent on request.



BONDS

SHORT TERM NOTES

ACCEPTANCES

The National City Company

National City Bank Building, New York

Offices in more than 50 leading cities throughout the World

facturer in any given industry is reasonably sure when he looks over his summary of manufacturing cost that A, B, and C are substantially figuring their costs in the same manner, and that such differences in costs as exist arise from superior efficiency and not from cost ignorance.

Dr. Wesley Claire Mitchell, of the National Bureau of Economic Research, brought an important message in his discussion of the Practical Study of Business Cycles to Increase Continuity of Employment. Mr. Mitchell said:

Present indications are that the United States is in the earlier stages of a revival of business activity. Unless checked by some powerful counteracting agency not in sight, past ex-

perience justifies the belief that this revival will gradually gather momentum and turn into a period of full-fledged prosperity. But past experience also forbids us to hope that this period of prosperity will last more than two or three years at the most. If the future is like the past, prosperity will breed a crisis, and the crisis will be followed by a new period of depression like that from which we are now emerging.

"Business cycles" is merely a vivid term for this recurrent ebb and flow of business activity which experience has taught us to expect. A tolerably regular repetition of such cycles can be traced in American history for at least a century.

The only way to prevent a repetition of enormous losses from crisis and depression every few years in the future is to study the business

Revolving
Stand
type
of
RAND
Visible
Records.



One Concern Saved \$15,000

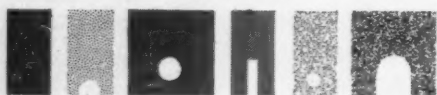
You too can save money
and gain greater control
over your business with

RAND Visible Card Records

THE Michigan State Telephone Company have effected a saving of \$15,000 since they installed RAND Visible Records. This is only one of many thousands of firms who have found in RAND the solution of their complex record problems and at a saving that quickly repaid the initial investment.

For all record problems, such as sales and advertising, cost accounting, stock, production, traffic, personnel, etc., RAND offers the logical solution, giving greater information at far less cost. Every executive needs a copy of our booklet "Visible Business Control." A copy will be sent gratis.

Picturize Your Business with RAND Colored Signals



By means of various colored signals inserted in the visible pockets conditions shown by the data on the card can be flashed. And since the signals can be seen in the aggregate a complete summary of the conditions shown by the entire record can be quickly grasped.

RAND COMPANY, INC.
NORTH TONAWANDA, NEW YORK



Illustrating Traco
Cabinet model of
RAND Visible Rec-
ords.
Notice how simple
it is to insert and
remove cards.

Originators and
World's largest
Manufacturers of
Visible Record
Equipments.

cycle and so learn how to control it. That is primarily the task of business men. Government can render some aid, for example, by collecting and publishing statistics about current stocks, orders, shipments, prices, employment and the like. But such statistics are of little avail unless they are used by business men. Every man who keeps in close touch with developments in his own industry and in general business can make profits for himself and at the same time help to stabilize business and employment for others. Various enterprising concerns have already proved that it is both practical and profitable to take the business cycle into consideration when laying plans. An inquiry into their methods is now being made for the Business Cycle Committee of the President's Conference on Unemployment. The report of this committee, which will appear next autumn, should be of great interest to all members of the business community.

Get Good Immigrants, but How?

Civic Development Group

THE EFFECT of European conditions upon America may be in terms of men as well as in trade balances, and one of our fears since the armistice has been that Europe would pour its poverty-stricken millions through our ports of entry, lowering our standards of living and greatly increasing the complexity of our home economic problems. To ward this off, Congress passed an emergency immigration law limiting new arrivals to 3 per cent of their nationals already in this country. Since the call for the Chamber's annual meeting was issued, Congress has extended the operation of this law to June 30, 1924. How has the emergency law worked? What is the basis for the fear that prompted its enactment and its extension? These were the questions put before the Immigration Section conducted by the Civic Development Department, over which C. C. George of Omaha presided. The first question was thus answered by Commissioner General W. W. Husband of the Federal Immigration Bureau:

The present quota law is based on the Dillingham percentage limit plan. This law provides that the number of aliens of any nationality who may be admitted to the United States in any fiscal year shall not exceed 3 per cent of the number of persons of like nationality who were in the United States in 1910 as shown by the census of that year.

The law has accomplished certain definite things. It has restricted immigration to a figure far below the normal movement prior to the war, and presumably far below what it would have been during the present year in the absence of restriction. It has, by severe restriction of immigration from southern and eastern European countries, more than doubled the proportion of the old-time immigrants in the movement, but otherwise the law can hardly be said to have contributed greatly toward a constructive immigration policy. However, it seems to me that it is a safe cornerstone upon which a more constructive policy may be erected, for, by limiting numbers beyond what might be called the danger point, it has opened the way for legislation which will make possible a better selection of immigrants, when there is renewed demand for alien labor in the United States, as there must be when the expected revival of industry becomes a reality.

If there is a demand for immigrant labor which honestly exceeds the available supply, it would seem only right that some provision be made for supplying such excess demands, and such an addition would, it seems to me, make it possible to develop a constructive im-

But no single report can cover the ground completely. Every industry and every business establishment faces a peculiar set of conditions and must adapt the general methods of dealing with booms, crises and depressions to solve its own problems. Therefore every business executive ought to study the business cycle in its bearings on his own affairs. A return of prosperity will not lessen the need for such study. Prevention is better than cure, and the prosperous phase of the business cycle is the time for preventing conditions from developing that may bring disaster in the subsequent crisis and depression.

The close relationship between American industry and our foreign trade was pointed out by Mr. Dwight T. Farnham, consulting industrial engineer of New York, who has made an intensive first-hand study of European industrial conditions.

migration policy based on a selection, not only to meet the industrial needs of the country, but also to permit of a quality selection which would contribute to the upbuilding rather than to the possible undermining of American citizenship, ideals and institutions.

The inspection of immigrants at the source was advocated by Ernest Greenwood of the International Labor Office, who said:

The International Emigration Commission set up by the International Labor Conference is the special machinery which can be utilized to secure inspection of immigrants at the source, without the necessity of interminable and complicated diplomatic negotiations, or, in fact, without the necessity of negotiating formal international treaties. The Government of the United States was invited to join this commission. Had this invitation been accepted, the first steps might have been taken to secure inspection at the source and eliminate the distress involved in the administration of our present law.

There is no cruelty or inhumanity involved in denying entrance into the United States to persons who have as yet made no sacrifices, or who have undergone no hardships to get here.

Furthermore, the country which permits inspection abroad relieves its steamship companies of the necessity of delays occasioned by inspection after arrival, and at the same time relieves them of the expense of returning hundreds of inadmissible aliens annually, not to mention the losses occasioned by fines imposed for bringing them.

This system of inspection at the source has been in operation in Canada for at least twelve years. It not only works, but it works well. Why have we not installed the same system in all the principal countries of emigration?

Edgar Wallace, of the American Federation of Labor, presented the views of his organization on the present immigration law and stated that it is the belief of the American Federation of Labor that this law should be kept in effect, making it possible to pick the kind of people that it is desirable to admit to this country, the type with whom the American workingman can live and maintain American standards.

Michael Kley, manager of the Immigrant Service and Citizenship Bureau, Metropolitan Life Insurance Company, made a plea for the assimilation of the immigrant. "Immigrants," said Mr. Kley, "are only prospective citizens. If you cannot make good standards and keep to standards, you cannot have the kind of America which will lead the world in social justice."

Fred H. Rindge, Jr., of the International Committee of the Y. M. C. A., in his statement on "Living Conditions of Wage Earners in Europe," emphasized the same idea as did Mr. Kley.

Building Boom or Boomerang?

COL. LEONARD P. AYRES, vice-president of the Cleveland Trust Company, and Mr. Lyman Clark, of the General Electric Company, drew a picture at the Housing Section Meeting of the Civic Development Department calculated to revive the spirits of the most depressed, so far as the near future is concerned, but with a strong note of warning for those whose expectations go beyond the near future.

Col. Ayres in describing the construction industry in American cities declared that it is on the edge of an unprecedented boom, that with this boom will go a revivifying influence to many lines of American business, for construction draws upon many lines. In the building itself many trades are represented and when it is erected, it must be equipped and furnished. So he prophesied that 1922 will be a year of exceptional opportunity, and, if rightly handled, of exceptional prosperity for people who produce or handle building supplies, for people who do actual construction, for those who deal in furniture and house furnishings, and for a number of other groups throughout the community, including the people who manufacture the type of truck that is predominantly used in the building industry.

This prophecy he based upon the great number of building permits issued during the earlier months of the year, three and one-half times as great as the pre-war average. These will bear fruit during July, August, September and October in an amount of activity in building in this country such as we have never seen before.

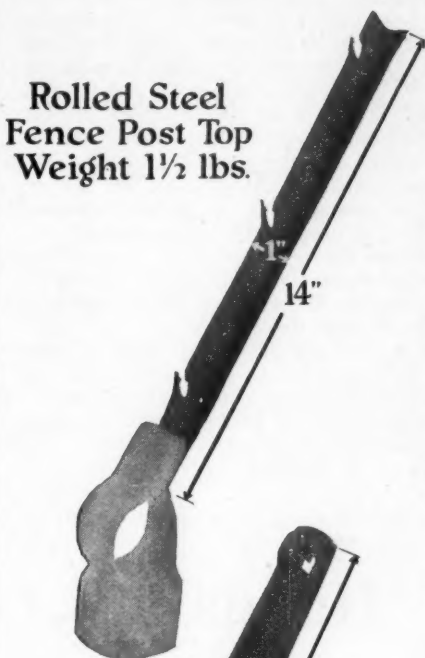
But with this prophecy went a warning. This is a year of cheap money. Next year, he believes, will be different, and there will not be so much building. As a banker he presented two considerations that bankers must bear in mind. One of them is that even with the fall in the cost of building, it is still a very expensive thing as compared with what it used to be, and they have before them, if they are students of such matters, the picture of what happened after the very great boom in building prices following the Civil War. The banker is asking himself, will the money put out now on this building loan a little later represent to me a loan or will it represent an investment. He does not want to have it come back to him in the form of an unwelcome, bad investment.

The other thing he has to consider is whether any building on which he is loaning money, either directly or in the shape of a real estate bond issue, is badly constructed. That, together with the possibility or probability of shrinkage in the actual cost of building, is going to cut into his equity in a way which will be most embarrassing a little later on. The Cleveland Trust Company gives such weight to this consideration that when it puts out a new bond issue it sends its own building inspector to watch the buildings as they are erected so it may be entirely sure that they are honestly built, are good buildings, that four, six, eight or ten years from now it shall not have on its hands, or the community have on its hands, a poorly built structure that is disintegrating with the passage of time.

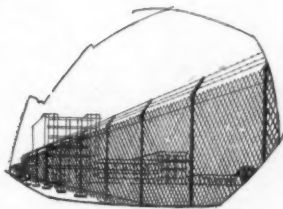
This address preceded that of Mr. Clark who spoke on the dangers of shoddy con-

There are no Complaints now

Rolled Steel
Fence Post Top
Weight 1½ lbs.



Pressed Steel
Fence Post Top
Weight 1 lb.



FOR years a prominent manufacturer of woven wire fencing had been receiving complaints about the fence-top pieces which he supplied. These fence tops were designed to extend up and out from the fence posts and support barbed wire as extra protection. They were made of hot rolled T channel and this material proved to be so brittle that the lugs holding the wire had a tendency to break off. The whole piece was rendered useless.

This was the situation as it was presented to us. Would it be possible to overcome this complaint by pressing the fence top pieces from steel instead? Our engineering department found that it was possible. They designed the piece which you see here and we are now producing it for this manufacturer at practically the same cost to him as the piece which it replaces.

The pressed steel fence top is proving more than satisfactory because not only do the tough pressed steel lugs stand the strain, but there is a saving of approximately 33½% in weight in each piece. The manufacturer is free from customer's complaints and at the same time enjoys a very substantial cut in shipping costs.

Perhaps We Can Do As Much or More For You

We are constantly at work on problems like this. Our plant is equipped to make redevelopments of almost any nature. Parts weighing 2 ounces are not too small—parts weighing as much as 200 pounds are not too large. If you are using cast parts now which are not completely satisfactory for their purpose or are eating up your profits because of their surplus weight it will pay you to consider "pressing them from steel instead." Our engineering department is always at your disposal. If you will send us samples or blue prints together with information about the use of the parts, we shall be glad to tell you, without obligation, whether or not a redevelopment will help the situation.

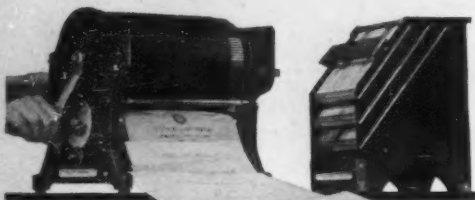
We have a series of folders which show interesting redevelopments which we have made with pressed steel. These will be sent upon request.

"Press it from Steel Instead"

YOUNGSTOWN PRODUCTS FOR MANUFACTURER & BUILDER			
AGRICULTURAL	AUTOMOTIVE	GENERAL	FIREPROOFING
TOOL & WEIGHT BOXES	SEATS	RADIATOR SHELLS - CRANK CASES	LEFT TRUCK PLATFORMS - TANK HEADS
LEVER LATCHES - FURROW & GONG WHEELS	HOUSING COVERS - BRAKE DRUMS	INDUSTRIAL CAR WHEELS - WHEEL DISCS	OLD FRAME CHASSIS - GRIPPER WHEELS & LIGHT
RANDWHEEL CLAMPS CULTIVATOR SHEETS	CLUTCH DISCS - STEP HANGERS	HATCH CLEATS - BARREL HEADS	YOUNGSTOWN & PATENT CORNER HEAD REPAIRING
LAND ROLLER HEADS	HUB FLANGES	COMPOUND BOXES	MAINTENANCE & IDEAL METAL LATH

THE YOUNGSTOWN Main Office and Factories
PRESSED STEEL CO. WARREN OHIO
District Offices
New York—50 East 42nd Street
Chicago—McCormick Building

Terms—that Meet the Smallest Business Needs



This is the New Multigraph, equipped for turning out type-written letters, forms, etc.

This is the Multigraph Typesetter, which makes it easy to set type for the Multigraph.

The New \$150.00 MULTIGRAPH

designed to meet the smallest business needs, is sold on such favorable terms, and at such a low price, that no business need be without it.

Both the machine itself, and the plan under which it is marketed, have been definitely designed to make this great Selling Go-Getter available to all businesses under 1922 conditions.

Shouldn't You Have It?

If you have to *sell*—merchandise, service, information, point of view, *anything*—the Multigraph will help you do it.

If you have to *buy*—printing, or form-typewriting for any purpose—the Multigraph will cut its cost something like 50%.

Most businesses, regardless of their size, are interested in both selling and saving. The New Multigraph is a definite and remarkably capable aid in both cases. Shouldn't you have it?

How Much? How Little?

A payment of \$30.00 puts the New Multigraph to work for you. Easy terms take care of the balance. If you want to print with it, the special inking device is \$35.00 additional. That's all there is to the story.

Surely the price is within the reach of any business, particularly since the Multigraph "pays for itself faster than you pay for it."

\$30⁰⁰ Down
and Monthly Payments
Total Price
\$150⁰⁰

Prices in Canada

\$41.00 down; total price \$205.00
Printing Ink Attachment \$50.00

THE AMERICAN MULTIGRAPH SALES CO.
1818 East 40th Street, Cleveland, Ohio

I would like to have someone show me the New Multigraph, and explain its possibilities in the _____ business.

Name _____

City _____ State _____

Street _____ N B Conv.

struction. "Dangers" he interpreted as referring to economics, "shoddy" to waste due to material or personnel, and "construction" to building structures either commercial, industrial or residential. With these definitions in mind he addressed himself to methods of reducing the amount of shoddy construction. The economic gain which would follow success he indicated by saying, "If our annual outlay for building construction (about \$3,000,000,000) can be affected by only such a small amount as 1 per cent positive value and 1 per cent negative value, we have the possibility of creating a saving account of \$60,000,000 annually, which is the interest charge at 6 per cent on one-third of our annual expenditure."

Mr. Clark laid the blame for shoddy construction mainly at the door of the owner, though in dealing with the builders—among whom he included architects, engineers, contractors and labor—he said, "It is questionable whether more shoddy is introduced by those having to do with the actual construction of buildings than those who are concerned in the ownership of property and buildings."

In discussing these classes or groups individually, however, he gave each of them credit for desiring honest construction.

Speaking of building contractors he said, "Competition . . . leads to practices permitting of the introduction of shoddy construction. Probably no class of people in our

industrial life are more desirous of avoiding shoddy construction than are building contractors. Competition seems to be the only element forcing them to any consideration in the use of other than the best of products." Elimination of competition might, however, he admitted, lead to super-charges which would not be economical.

"Labor," he stated, "can be, but is not as a rule responsible for shoddy construction. . . . Outside of isolated cases we might consider labor as constituting one of the least causes of shoddy construction."

In describing the owner's part Mr. Clark said that he is always comforted with the problem of what best can be done with his property from two points of view:

1. Holding it with ever-increasing value.
2. Trading it as an article of commerce.

Later he mentions the owner who "desires to improve his property in order that it may earn on the capital investment in perpetuity." Such an owner does not desire shoddy construction.

To reduce the amount of shoddy construction Mr. Clark proposed more careful consideration in the granting of loans, improvement in regulations, education of the public and cooperative effort of trade associations, architects and engineers. To eliminate it he advocates the setting of standards, improved regulations, action of trade associations, action of technical societies.

Hands Off, Government!

Natural Resources Production Group

THE INCREASING interest of the business public in coal, particularly at this time when a general strike is on in the industry, led the Natural Resources Production Department to turn over its group meeting on the afternoon of May 16 to a thorough consideration of the coal situation. Senator Sutherland of West Virginia presented the subject of "The Coal Industry and Government Regulation" and said in part:

During the past twenty-five years there has been a constantly growing tendency toward paternalism in government. This tendency was greatly accentuated by the conditions brought on by the great World War when the Government, extending its authority pursuant to the war powers, found it necessary to exercise a controlling supervision over much of the industrial life of the country in order that we might function most efficiently for the one purpose of bringing that terrible catastrophe to a successful conclusion at the earliest possible moment. The business of railroad transportation had already in increasing degrees been brought more and more under the direct control of the agencies of government, but while there were strong reasons for the regulation by the Government under the Interstate Commerce clause of the Constitution, of the great arteries of our country's commerce upon the theory that in many commodities the business was a monopoly, I am firmly of the opinion that no justification can be alleged for similar control of the bituminous coal industry.

Let us adhere firmly to the doctrine enunciated by the great President now occupying the White House, "More business in government and less government in business."

The remainder of the meeting was devoted to a discussion of three pertinent phases of the coal business: Distribution, transportation and labor. Major W. R. Coyle, vice-president of Weston Dodson and Company, Inc., and president of the American Whole-

sale Coal Association, said, in discussing "Better Selling Methods":

Always it has been customary to cuss at the coal man. The habit has perhaps put the "cus" in customer. Whether it be furnace or range or open grate, the chimney may be stopped, the flues full of dirt, the grate broken beyond repair and yet the first thought of 100,000,000 people, if the house be too warm or too cold, the dinner overcooked or underdone—always it's the coal man who is blamed and we, after all, deserve the blame on account of our archaic methods. If your telephone doesn't work you know what to do, but if you call your coal man when your coal doesn't work, what do you get? Suppose the telephone company said: "I am sorry, the instrument was made in Schenectady. You will have to go to them for repairs," would the same good-will exist?

If your coal man says, "I sent you the best I have. I have to take what the operators sell me," and if he then proceeds to forget your troubles, can you be blamed for looking elsewhere?

Following these combined ideas, we would suggest that in the distribution of coal there be organized (perhaps a number of groups, each builded around an outstanding personality, a man of proved merchandising ability) a complete production and distributing organization, each one a corporation following the lines of the American Telephone and Telegraph Company and to enter with this corporation as Rexall has entered every city and large town, electing to membership the most progressive and best located dealer. Make the dealer a partner in the entire enterprise. Buy an interest in his plant, and sell him an interest in the production of the material he will merchandise. School him to follow a general merchandising plan. Make him a part proprietor and an interested owner in those mines which supply the stock on his counters.

E. M. Poston, president of the New York Coal Company talked of transportation.

Mr. Eugene McAuliffe, president of the

Union Colliery Company of St. Louis, addressed the group on "The Strike and How to Prevent a Recurrence." He outlined the following needs of the industry if a recurrence of the strike were to be prevented:

(a) The enforced incorporation of all labor organizations with provision that such be subject to all of the laws, rules and regulations, that govern corporate or partnership holdings of capital, including the payment of federal income and excess profits taxes and the repeal of all laws that place capital labor on a plane apart from capital goods.

(b) The reformation of the United Mine Workers Organization, including the elimination of the check-off with such revision of policy as will insure a better recognition of the relation the industry bears to our national economic life, and a decent regard for public opinion; the organization to transform its present policy of resistance to greater individual productivity into one of productivity, including the giving of proper encouragement to the installation of labor-saving machinery.

(c) Full recognition on the part of the employer to the fact that the mine worker is entitled to that fair living wage consistent with an American standard of living, regardless of whether he mines coal north or south of the Ohio and Potomac Rivers; the employee recognizing with equal force that to earn he must produce.

(d) The enactment of legislation that will insure a full finding of facts concerning the industry.

(e) From the facts so secured the Secretary of Commerce should publish promptly, monthly and annually, the essentials that concern the public, including mine labor.

(f) From the evidence so secured the Secretary of Commerce should keep the Interstate Commerce Commission informed as to the ability of the then existing mine development to serve the full coal needs of the nation together with that required for export and bunkering.

(g) The Transportation Act should be so amended as to require every railroad desirous of rendering transportation service to a coal mine to secure from the Interstate Commerce Commission a certificate of convenience and necessity before entering or serving same.

(h) Inauguration through the Department of Commerce of a campaign of education and encouragement of the public toward the elimination of seasonal demand for coal, including a reduction in coal freight rates during the storage season.

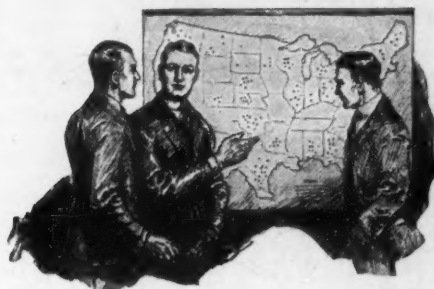
The group meeting on the second afternoon was devoted to addresses and discussion on the following general topic: "To What Extent Are American Industries Producing Raw Materials Dependent for Their Prosperity on European Markets."

In discussing the subject of "Coal" in its relation to the European markets, George M. Dexter, president of Dexter and Carpenter, brought out the following:

Prior to the war we were making considerable competitive progress, both in Europe and South America. It was no easy task to convince Europeans that our coals were the superior of the kind they had for so long purchased from the British. It required pioneering of the most intelligent and persistent kind to make the original sales, and the cost was enormous. But we did it, and when the war broke out, even the French navy had a contract for American coal.

The outstanding fact in a consideration of our coal industry is that with a great overproduction capacity, the exportation of our coal should be encouraged in every way.

Reduction in production costs is expected as a result of the present strike. Our coal is the superior in quality of any in the world, and our railroad and loading facilities are the best. There is no legitimate reason why American coal should not be one of our chief exports.



National Advertising without National Distribution

ARE there blank spaces on your distribution map; territories that ought to be yours, but where your goods are not sold?

Do you wonder how these "blind spots" can be reached? Are you interested in how other business executives have done the job?

If your distribution is still incomplete, if it is spotty, or if it is thin in places, you will find it worth your while to read *Promoting Sales*.

It is a small, readable book that gives a brief but comprehensive survey of typical methods of distribution.

Every executive responsible for keeping up and extending sales ought to find something in it that is of real value to him.

It is sent, without any charge or obligation to such men upon their request, made upon their business letterhead.

The Corday & Gross Co.
Cleveland
Effective Direct Advertising

Sidney Jennings, vice-president of the United States Smelting, Refining and Mining Company, spoke on "Copper" as affected by the European situation. To quote from his remarks:

From a rapid survey of the position of the copper industry it seems reasonable to assume that in order to have prosperity there must be an effective demand in the world for at least 1,300,000 short tons of new copper per year. A demand of 10 per cent less than this amount will probably, and a demand of 20 per cent less will surely, result in depressed conditions of the industry. If an effective demand for 1,300,000 short tons arises and continues, the price for copper will also rise and prosperity will return to the copper industry.

From the present outlook it seems probable

that the total effective demand for copper from the various industries in the United States for the coming year will be as large as it was in 1921. Owing to the reduction in stocks held by governments, and also the stock of scrap and brass, the demand from American consumers for new copper will be materially greater in 1922 than during 1921. It is highly improbable that this demand will be sufficiently increased to absorb the new production that will be brought into being by the starting up, on April 1 of this year, of the mines that were shut down in March a year ago. It is therefore evident that the prosperity of the copper-producing industry depends upon an effective demand from abroad.

The consumption of copper in America has materially increased, but not to a sufficient extent to absorb the output of the producers.

The desire for copper exists in Europe, but the ability to pay for it still lags, and the pros-

To the Business Men of England

The Nation's Business is owned by the United States Chamber of Commerce. It speaks with authority to 87,000 leading manufacturers and business men in the United States. Its advertising pages are filled with the announcements of many leading corporations wishing to reach the business and industrial market. During the past year, for example, the following organizations have used the pages of the regular monthly issues.

Alexander Hamilton Institute	Equitable Trust Co.	Norton Company
Alexander Lumber Co.	Ernst & Ernst	Omaha Chamber of Commerce
All America Cables Co.	Farquhar Co., A. B.	Pathescope Co. of Amer.
American Face Brick Assn.	Federal Motor Truck Co.	Peabody Coal Co.
American Multigraph Sales Co.	Ferguson Co., H. K.	Philadelphia National Bank
American Telephone & Telegraph Co.	First National Bank of Boston	Republic Creosoting Co.
Atchison, Topeka & Santa Fe R.R.	Flexible Steel Lacing Co.	Robertson Co., H. H.
Austin Co., The	General Electric Co.	Rothacker Film Mfg. Co.
Autocar Co.	Goodrich Rubber Co., B. F.	Royal Typewriter Co.
Automatic Electric Co.	Goodyear Tire & Rubber Co.	Sani-Products Co.
Ayer, N. W., & Son	Halsey-Stuart & Co.	Seattle Chamber of Commerce
Babson's Statistical Organization	Hammermill Paper Co.	Shepard Elec. Crane & Hoist Co.
Bankers Supply Co.	Hartford Fire Insurance Co.	Sidney Davison Coal Co., A.
Bankers Trust Co.	Hinde & Dauch Paper Co.	Southern Pacific Railroad
Blackmer Rotary Pump Co.	Hoggson Brothers	Sperry & Hutchinson Co.
Blaw-Knox Co.	Hotels Statler	Square D Company
Bowser & Co., S. F.	Hydraulic Steelcraft Co.	St. Louis Chamber of Commerce
Brascolite Co., The	Indiana Limestone Quarrymen's Assn.	Standard Statistics Co.
Brown Hoisting Machinery Co.	International Harvester Co. of Amer.	Stone & Webster
Canadian Pacific Railway Co.	Irving National Bank	Stromberg Electric Co.
Chase, Frank D., Inc.	Jewett Refrigerator Co.	Swift & Co.
Cleveland Twist Drill Co.	Johns-Manville Co., H. W.	Thompson & Co.
Continental & Commercial Banks	Kent Vacuum Cleaner Co.	Todd Protectograph Co.
Corday & Gross Co.	Knoeppel & Co., C. E.	Truscon Steel Co.
Cunard & Anchor Steamship Lines	Library Bureau	Union Trust Co.
Dahlstrom Metallic Door Co.	Lupton's Sons Co., David	United States Shipping Board
Davey Tree Expert Co.	Mathews Gravity Carrier Co.	United States War Department
Denham Costfinding Co.	Matthews-Northrup Works	Universal Fixture Corp.
Diamond Chain & Mfg. Co.	Medart Mfg. Co., Fred	Weis Mfg. Co.
Dick Co., A. B.	Miller Rubber Co.	Westinghouse Air Brake Co.
Dictograph Products Corp.	National Bank of Commerce	Westinghouse Electric & Mfg. Co.
Drake Hotel	National City Co.	Weyerhaeuser Forest Products Co.
Dunlop Tire & Rubber Corp. of Amer.	National Shawmut Bank	White Management Corp., The J. G.
Durand Steel Locker Co.	New York Life Insurance Co.	Youngstown Pressed Steel Co.

There is no more economical way to reach the business men of America than through this official publication of the United States Chamber of Commerce, and there are few publications where your announcements could appear in such consistently fine company or be introduced more authoritatively.

We shall be glad to send our advertising rates to anyone making the request.

ADVERTISING DEPARTMENT

THE NATION'S BUSINESS

WASHINGTON

perity of the copper industry depends upon the translation of this desire into an effective demand, which can be done only by the solution of the many problems of exchange, not only of money but of goods, with European countries.

Axel H. Oxholm, chief of the Lumber Division, Bureau of Foreign and Domestic Commerce, discussed "Lumber and Timber Products" from the angle of the general subject, saying:

Of the total normal quantity of lumber produced, only 7 per cent is exported to foreign countries. Although an export trade of 7 per cent in volume seems of small importance, when 93 per cent of the total production is marketed at home, still if the lumber export trade is curtailed or entirely interrupted, this means that 7 per cent of the total quantity of lumber produced will be thrown back on the domestic market and will seriously upset conditions at home, perhaps causing a great many

mills to operate at a loss, and will otherwise disturb conditions in many other industries.

The problem for the time being and for the immediate future will be to go further into the European requirements and to study the needs of the market. We have been accustomed in the past to ship too good a grade in many cases where a lower grade would do. Our exporters must study industry by industry in Europe, and find out how we can cut our lumber in the best possible way in order to make the most satisfactory profit. In this respect we have a great deal to learn from our colleagues in northern Europe. Few lumbermen ever stop to consider that there is a market in Europe for any sizes of lumber, and that northern Europe ships a large percentage of its lumber for export in lengths from six inches to six feet.

There is no necessity for increasing the quantity shipped to Europe beyond the pre-war figures, but our lumber export trade should be carried on in a more intelligent and systematic way than heretofore.

The Job Ahead in Insurance

Insurance Group

JAMES S. KEMPER, chairman of the Insurance Advisory Committee, presided at the Tuesday meeting of the Insurance Group. Mr. Kemper, in referring to the tremendous possibilities for accomplishment ahead of the Insurance Department, stated that its success would depend upon the extent to which its component elements subdued the desire for personal or class advantage and worked for the general good.

In the marine field the Insurance Department has gone on record as favoring legislation that will clarify and definitely interpret The Hague Rules, if adopted.

The year 1921 was not a good insurance year. It proved the obvious undesirability of the valued form for automobile fire and theft insurance, a contract which puts a premium on carelessness and arson. An awakened public conscience can accomplish an immense reduction in automobile accidents. Detroit and Cleveland furnish examples of what an able and fearless judiciary can do when supported by public sentiment. In Detroit, Judge Bartlett is credited with having reduced the number of accidents 40 per cent, in spite of a 25 per cent increase in the number of automobiles in use. In Cleveland, one judge has been imposing jail sentences of five to thirty days, in addition to a heavy fine. Each of these judges is credited with saving from two to five lives each week. Prevention of accidents, not increase in rates, is needed to correct the present unsatisfactory conditions.

The time has passed when insurance men can sit complacently by and, ignoring the causes of losses, merely adjust rates to cover the hazard. Business expects much more of them, and their prompt response to the demand will most effectively curb whatever sentiment there may be in favor of state insurance.

Thomas B. Donaldson, insurance commissioner for Pennsylvania and president of the National Convention of Insurance Commissioners, addressed the meeting on "Insurance and the American Public." "The American public, as a whole," said Mr. Donaldson, "have no cordial or intelligent viewpoint toward insurance."

The universal licensing of agents and brokers is justified by the technicalities of the business, the stupidity and sometimes the cupidity of promoters, and the ignorance of those who undertake to sell insurance.

Pennsylvania issues annually about 90,000

licenses to about 35,000 different agents and brokers. Mr. Donaldson estimates that at least 200,000 people are making their living in the United States by soliciting insurance.

The efforts of insurance companies to give their agents a thorough training are of great benefit to the public. The trained solicitor knows his own policy and does not misrepresent the protection it affords. He urges new policy forms and terms to meet the needs of his clients. Such experiments can only be tried by the larger companies, those with an ample surplus. Yet it is the larger companies which are always the object of demagogic attack.

The public will be impressed when insurance men think broadly and act like big people. Then they will be able to bring their clients to a fair realization of the not-all-perfect but the most constructive, protective and all-pervading business the world has ever known—that of insurance.

W. H. Merrill, president of the Underwriters' Laboratories, spoke on "Getting the Most Out of Conservation Work."

There is perhaps no more spectacular instance of industry waste than the 15,000 lives and more than \$500,000,000 loss during the past year through fire, ninety per cent of which was preventable. In the work of the laboratories the interests of insurance and the public meet and are identical. This institution is conducted for service, not profit, being sustained by fees for the tests conducted. These fees are not large enough to become a factor in the selling price.

Devices submitted for tests are examined in relation to certain established standards, the result of deliberations of conferences with the industry affected. The reports of devices passing the tests are submitted to a council of engineers, insurance officials, members of government bureaus, and others having no commercial interest at stake, for review and letter ballot. If the ballot is favorable the device is recommended for listing.

It will be seen, therefore, that there is every reason to respect opinions expressed by these laboratories after this grilling and sifting process. All new devices must pass through an experimental stage, and where they have a distinct bearing on safety to life and property it certainly seems the wiser course that experiments should be made in well-equipped laboratories under the eyes of qualified and specialized engineers rather than through the hit or miss processes of public use and by the innocent bystander. This is exactly what the labora-

All in the day's work

OREGON was having a bad spell of weather—rain, snow, high water, winds.

Railroad service was brought to a standstill. Telephone and telegraph wires were down. Highways and roads were blocked. Many towns were isolated. Meat foods were needed.

A Swift salesman, on his rounds, got caught in a slide on the Columbia River Highway. He was compelled to abandon his machine. But he did not sit down and wait for clear weather.

He made his way back to Portland in a small boat, loaded another boat with 20,000 pounds of Swift's products, and delivered them to his customers all along the Columbia River, where snow lay from three to five feet deep.

He thought nothing of it. It was all in the day's work. Any Swift man would have done the same. That is what Swift Service means to all of our salesmen. The duty of serving his customers was a serious responsibility that he had to meet.

We feel that Swift's meats—"Premium" Ham, "Premium" Bacon, and also Brookfield Butter and Eggs—must be delivered, whether or no, to your dealers all over the country who depend on us to keep them supplied with meat.

In our packing plants, traffic departments, branch houses; in the office, among traveling salesmen; from one end of the organization to the other, there is this same responsibility of service, this same matter-of-fact, taken-for-granted faithfulness to a trust and a responsibility to find a way out of any difficulties which may seem to prevent the daily service to our customers.

Swift & Company, U.S.A.

Founded 1868

A nation-wide organization owned by more than 45,000 shareholders

Bush Terminal Announces the Newest Development in Distribution Service



Distribution Service is not merely a matter of warehousing. As we see it, such a service should include vastly more. The new service we have to offer is the

Result of twenty-five years' experience

It includes not only warehousing, but the co-ordination of every industrial and transportation facility which can be brought under a central control, and the development of that central control to the maximum of human ability. It

Requires no lease

We do not expect those availing themselves of this service to enter into a fixed lease with us. On the other hand, we have evolved a plan which enables you to pay for such industrial, warehousing or pier space, lighterage, railroad or trucking facilities, and

Pay only as you use them

This means that we offer the most flexible, economical and expeditious service for the movement of merchandise from the source of production to the point of consumption ever evolved.

Broken car lots can be shipped at car load rates.

Everything that can be done is done to make this service thoroughly economical and efficient.

The proof

The fact that Bush Terminal is today the largest single co-ordination of transportation and industrial facilities in the world; that it includes piers, warehouses, industrial buildings, railroads, lighters, tugs and trucks, is proof of the success of what we have to offer.

We will be glad to discuss distribution problems in detail with any manufacturer or distributor of merchandise no matter of what sort. Write us your needs and problems in detail!

BUSH TERMINAL CO.

Distribution Division
100 Broad Street, New York

stories accomplish. They put the burden of proof on the manufacturer where it belongs and at the same time enable him to perfect his device without risk or disaster.

Various forms of follow-up service and re-examination have been adopted to insure the maintenance of the original standard of excellence. The most effective of these is the label service, in which a label is affixed at the time and place of manufacture and is recognized wherever seen as a certificate of excellence. Our latest reports show that this label service is now in operation in 4,159 factories, covering 429 lines of manufacture.

As a final safeguard to itself, its clients, the insurance companies and the public, arrangements have been made with the Bureau of Standards and the Bureau of Mines, by which these bureaus act as arbitrators in the event of disagreement on technical matters. While such disagreements are very few, they nevertheless have occurred in certain instances, and such arbitration has been invoked with the utmost satisfaction to every one concerned.

"Education and Service as an Individual Investment Paying Dividends" was the subject of an address by J. E. Kavanagh, vice-president of the Metropolitan Life Insurance Company. Mr. Kavanagh described the various services rendered by that company to nearly 19,000,000 policyholders.

Among these are life extension literature, visiting nurses, prizes for essays, cooperation with Boards of Health, Red Cross, National Tuberculosis Association, Playground Association and other kindred organizations, health surveys, erection of sanatoria, stimulating proper public health legislation, surveys of unemployment and cooperation with city governments in the attempt completely to eliminate preventable disease by intensive methods.

One instance of the last-named activity is found in Framingham, Mass., where the death rate for tuberculosis has been reduced to 40.1 per 100,000 as compared with 64.5 per 100,000 for 1920 and 121 per 100,000 for 1920 and the decade preceding the demonstration. This campaign is believed to demonstrate that consumption can be stamped out if time, intelligence and money enough be spent upon the effort.

The session on Wednesday afternoon was addressed by Howard P. Moore, general manager, American Foreign Insurance Association, on "Initiating and Carrying on Insurance in Foreign Fields." Mr. Moore traced the development of the association from its origin in the World War and showed the economies resulting from joint action in foreign fields. In spite of the economic upheaval following the war it was not necessary to abandon the advantages gained. Special attention was given to the deposit requirements of the United States and foreign countries. The Chamber of Commerce of the United States must have a vision extending beyond national boundaries. Mr. Moore suggested that each group ought in the future to be represented in the General Sessions.

Congressman George W. Edmonds next addressed the meeting on "American Insurance and Our Foreign Trade." He told of the gradual development of our dependence upon foreign shipping, foreign marine insurance and foreign banking, emphasizing the value of the commercial information thus placed in the hands of our competitors. Evidence was introduced showing how marine insurance rates are used as a competitive weapon to the disadvantage of American interests.

Following his paper, Mr. Edmonds said that marine insurance is not under the jurisdiction of national law. The only possibility of better laws is in cooperative state action.

Only \$2,600,000 can now be placed in this country on a ship, even including the facilities offered by foreign-admitted companies. These facilities ought not to remain so limited. Private marine insurance must be encouraged now if our underwriting capacity is to be maintained and enlarged. This encouragement can best be given through the prompt enactment of the Model Law by the States.

Dr. S. S. Huebner, expert in insurance to the U. S. Shipping Board, followed with an address on "The Model Marine Insurance Law." The expression, national merchant marine, he said, means much more than the mere ownership of vessels. It implies the existence, on a successful competitive basis, of all the services, including adequate marine insurance, necessary to the efficient operation of the vessels. The restrictions of the states relative to reinsurance, taxation, the writing of multiple lines, and credit for net assets in foreign countries have prevented American marine insurance from competing successfully against the foreign market.

Special attention was directed to the following points regarding the law under consideration:

1. It is proposed as a model for basic principles; there is no insistence on conformity with precise details.
2. It is possible for the states to adopt its principles piecemeal if they are not ready to accept the entire program.
3. The adoption of this law will aid American marine insurance in fulfilling its obligation to the American merchant marine and to our foreign trade, and so eliminate any need for the initiation of governmental operation in this field.

Trade Association Executives

AT the informal dinner meeting of the American Trade Association Executives, Monday, May 15, the secretaries of trade associations in attendance at the Annual Meeting of the National Chamber listened to an address by Magnus W. Alexander, Managing Director of the National Industrial Conference Board, on "The Leadership of the Trade Association Executive in Sound Industrial Development."

Mr. Alexander developed a number of interesting and constructive suggestions in connection with trade association work, particularly with respect to the compiling and handling of trade statistics, pointing out, among other things, what he conceived to be the necessity of tying up and relating through some central agency statistics from various trades and industries in order that a composite, practical picture of the whole business field and its trend might be had.

Hugh F. Fox, Secretary of the United States Brewers' Association, Hugh P. Baker, Secretary-Treasurer of the American Paper and Pulp Association, Leslie C. Smith, Secretary of the National Association of Ice Industries, and Herbert P. Sheets, Secretary-Treasurer of the National Retail Hardware Association, were called on, and discussed the address from different angles.

Mr. Alexander, also, at the request of the secretaries, presented a number of charts which he used to illustrate how effectively graphic methods may be employed in presenting business facts, commenting in that connection that we are all children after all, and like to have a thing pictured for us.

O. L. Moore, Secretary of the American Trade Association Executives, made a brief report on the membership and finances of the Association. Alfred L. Smith, Vice-president of the Association, presided.